Austria	Sch30	Iran	Rls210	Pakistan	Rs35
Bahrain	Din0.900	Israel	Shk4.50	Philippines	Pso40
Belgium	BFr60	Italy	L2200	Poland	Zl 16,000
Cyprus	C£1.00	Jordan	JD1.20	Portugal	Es175
Denmark	DKr13	Korea	Won 2000	Qatar	QR10.00
Egypt	E£3.50	Kuwait	Fils.500	S.Arabia	SR9.00
Finland	FM8.50	Lebanon	L£1,000	Singapore	S$4.10
France	FFr8.00	Lux	LFr60	Spain	Pta175
Germany	DM3.00	Malta	45 cents	Sweden	SKr13
Greece	Dr200	Morocco	MDh10	Switz	SFr2.70
Hungary	Ft145	Neth	Fl 3.30	Thailand	Bht50
Iceland	IKr150	Nigeria	Naira15	Tunisia	Din0.900
India	Rs20	Norway	NKr13.00	Turkey	L5000
Indonesia	Rp3100	Oman	OR1.20	UAE	Dh8.00

SERIALS DIVISION

هكذا من الاهل

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,531

Thursday August 15 1991

D 8523A

YUGOSLAVIA
What role does the EC have to play?
Page 11

World News

Japan's loan scandal widens with new arrest

The Y342bn ($2.5bn) fraudulent loan scandal involving the *Tokyo Shinkin Bank* widened when Osaka prosecutors arrested the branch manager of a local consumer credit company who is accused of mishandling financial instruments used for collateral.

The arrest raises the possibility of an even bigger and more complex fraud than was initially revealed. Page 12

Rubin holdings frozen

Two New York businessmen have obtained court orders freezing all the Swiss holdings of David Rubin, the London *businessman who disappeared* last month owing investors an estimated £60m. Page 12

Singapore election

Singapore prime minister Goh Chok Tong called for a general election to be held on August 31, more than two years earlier than required. *Victory for* Goh's People's Action party is virtually assured. In 1988 it won 80 of the 81 parliamentary seats. Page 4

Students riot

Hundreds of South Korean students hurled petrol bombs and rocks at riot police in Seoul *in protest at the government's* refusal to allow a cross-border march in support of reunification of the two Koreas. Picture, Page 4

Refugees to stay

Italy is to allow 500 Albanian refugees in the south-eastern port of Bari to stay in the country. Almost 17,000 who arrived in Bari last week have been repatriated.

Bus passengers killed

Twenty-one people died when a bus fell down a 2,000ft ravine in India's northern Jammu and Kashmir state.

60 murders claimed

A 34-year-old man charged with killing a girl of 10 has *told authorities* in Mississippi that he murdered more than 60 people over 10 years. If Donald Leroy Evans's claim is confirmed, he will be the most deadly serial killer in US history.

Refugee talks off

Hanoi has postponed indefinitely talks on setting up internationally-run camps in Vietnam for boat people crammed *into detention centres in Hong* Kong. Vietnamese prime minister Vo Van Kiet said he was unhappy that the boat people would be forced to depend on foreign aid.

Plea to Kohl

German chancellor Helmut Kohl was urged by the opposi*tion Social Democratic party* not to attend the reburial of Frederick the Great of Prussia in Potsdam because it could stoke fears that German militarism was on the rise. The king's body was moved to West Germany at the end of the Second World War.

Soldiers kidnapped

Armenian militants have seized 33 Soviet soldiers in the Madakert district of Nagorno-Karabakh and are offering to exchange them for a captured Armenian leader.

Women hurt

Three women were injured by *gunmen in County Armagh* who ambushed a bus taking them to visit Republican prisoners at Northern Ireland's top-security Maze prison.

S African peace talks

The South African government began talks with the African National Congress and Inkatha *in an attempt* to end political violence. Page 4

Wine output cut

French wine output is expected to be only 45m hectolitres, compared with 65.5m in 1990, because of an April frost.

Business Summary

Inflation outlook in US still optimistic

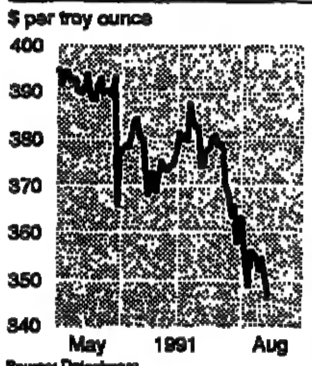
US consumer prices rose 0.2 per cent in July, providing further confirmation of a recent improvement in the US inflation outlook. The year-on-year *increase fell to 4.4 per cent*, compared with 4.6 per cent in June and 5.4 per cent six months ago.

The annualised rate of inflation in the first seven months of the year was 2.7 per cent, *suggesting the year-on-year* figure will continue to fall.

GOLDMAN SACHS, *US broking house*, declared stakes worth £143m ($241.7m) in Maxwell Communication and Mirror Group Newspapers, the bulk of which was held as collateral for loans to an *unnamed broking client*, later identified as Mr Robert Maxwell. Page 13; Lex, Page 12

PLATINUM: The price of the precious metal, used primarily in *automotive catalysts and* jewellery, plunged again to close in London down $5 a troy ounce at $346. Again, the drop

Platinum



Source: Datastream

was triggered by Japanese investors cutting their losses on contracts to buy platinum for future delivery. Page 18

GERMANY is likely to lose much of the DM23bn ($13.2bn) in trade-related debt that the Soviet Union and other former Eastern Bloc countries owe to the former East Germany, *the Bonn Finance Ministry* said. Page 12

VIRGIN Atlantic, Richard *Branson's UK airline*, announced cuts of up to 25 per cent for economy flights from London to New York and other US destinations. Page 12

INTERNATIONAL Monetary Fund: Congressional approval for a US contribution to the planned 50 per cent quota increase for the IMF is likely to be linked to tight conditions on the fund's relations with *the Soviet Union*. Page 6

HANSON, UK acquisitive conglomerate which has a 2.8 per *cent stake in Imperial Chemi*cal Industries, saw its taxable profits edge up for the nine months to June 30 from £939m to £967m ($1.63bn). Page 13; Lex, Page 12

FAIRFAX: The race to acquire the troubled newspaper group was thrown open after Australian Independent Newspapers, an all-Australian consortium, said it had the support of the country's two biggest financial institutions. Page 13

HOOGOVENS, Dutch steel and *aluminium group, reported* a 65 per cent fall in first-half net profits to Fl 55m ($28.2m) from Fl 155m in the same period last year. Page 14

ULTRAMAR: Weak oil prices caused large stock losses at the diversified UK oil and gas company, pushing it into a £21.6m ($36.5m) loss for the first six months of the year from a profit of £37.2m in the same period in 1990. Page 14; *Lex, Page 12*

ROLLINS Burdick Hunter, US insurance broker, is set to *expand its European* operations with the acquisition of Rotterdam-based Hudig-*Langeveldt Groep*. Page 13

Markets await result of Schlesinger's first meeting as president

Bundesbank to consider rate rise

By Andrew Fisher and Katharine Campbell in Frankfurt

GERMANY'S Bundesbank is at the centre of world financial attention today as it meets under Mr Helmut Schlesinger, *its new president, to decide on* a rise in official interest rates which could put them back to record post-war levels.

It is regarded as almost certain in financial markets that the central bank will put up *the discount rate*, currently at 6.5 per cent, by at least 1 point.

The more important Lombard emergency funding rate, now 9 per cent, is expected to rise by up to half a point. The last time official rates were so high was in May, 1980, when the discount rate was raised to 7.5 per cent and the Lombard to 9.5 per cent.

Then, *Germany* was also experiencing a rising current account deficit and the Bundesbank was concerned about inflation.

Mr Schlesinger and his colleagues have made clear their concern *over* inflation, now well over 4 per cent per year, and the high *state* spending caused by the need to prop up the east German economy.

The expectations built into today's meeting of the 17-member Bundesbank council are almost unprecedentedly high. The bank will hold a news conference after the meeting.

Mr Schlesinger has said inflation, partly influenced by higher indirect taxes to help pay for unity, has risen faster than he expected. He also said the discount rate was historically too low in relation to the Lombard rate, having been held down *to help east German* banks' refinancing.

The Bundesbank would probably have raised rates in July, but was anxious not to upset the Group of Seven industrial countries' meeting in London.

Some economists believe the rise in the Lombard rate might be less than half a point, leav*ing the Bundesbank scope for* further tightening if wage demands continued too high.

Mr Karl Thomas, a Bundesbank director, said last week it was concerned to preserve maximum flexibility in its money market operations for when call money rates edged near or over the Lombard rate. This has happened recently as dealers have anticipated today's expected rises.

Some dealers also think the Bundesbank may decide to restrict the use of the Lombard facility by limiting banks' use of this to 10 per cent of their *total refinancing allowance* with the central bank.

The D-Mark has strengthened considerably against the dollar since Mr Schlesinger first indicated at the end of July that concern over inflation could lead to higher interest rates. He said the Bundesbank wanted a strong D-Mark, though it had no specific exchange rate target.

E German economy, Page 12

London stocks surge to new high on recovery prospects

By Rachel Johnson and Daniel Green in London

THE London stock market yesterday ignored the Bundesbank's signal and surged to a new high on increased confidence of economic recovery.

Although a German mone*tary tightening could prolong* economic problems in Europe, financial markets were *looking* beyond today's likely move towards the next cuts in interest rates in the US and the UK and global economic recovery.

The FT-SE 100 index rose 23.9 to 2608.8. The narrower FT 30 index and wider FT-A All Share index also closed at record levels.

Currencies were mostly mired in summer inactivity, while the stock markets of the UK and the US rose in the *hope that economic recovery* might be underway.

An encouraging consumer *prices index for July* – rising by a modest monthly 0.2 per cent – helped the positive mood as it diminished the chances of a US rate rise.

The dollar is expected to rise towards DM1.75 tomorrow if the US trade figures are good, rather than falling if the D-Mark is shored up by a rise in German rates.

The buoyant start to share trading in New York helped the UK rise. Fund managers sought stocks in smaller companies, which tend to be more tied to the domestic economy.

Their boldness was reflected in heavy trading for the usually quiet month of August. The final volume figure was swollen by technical factors concerning a rights issue by retailer Burton.

The success of that issue was another factor behind the buying. Analysts described *Burton* as "a classic recovery stock".

Money rates in the UK dropped slightly below the base rate level of 11 per cent, reflecting the expectation that a tightening of conditions in Germany would not force Mr Norman Lamont, the UK chancellor, into following suit.

The next movement in UK rates is expected to be down, whatever the Bundesbank decides.

News on another 60,000 rise in unemployment is due today, while a reduction in the annual rate of inflation is expected tomorrow – with the retail prices index expected *to rise at 5.5 per cent in July* after 5.8 per cent in June.

London markets, Page 19

Jerusalem describes latest negotiations with UN as fruitful

Israelis agree to continue with talks

By Our Middle East Staff

AN ISRAELI delegation agreed yesterday to remain in Geneva after a second round of talks with Mr Javier Pérez de Cuéllar, the UN secretary-general. These are believed to have focused on Israel's demands for evidence of the fate of seven servicemen missing in Lebanon.

Israel has said it is prepared to release several hundred Lebanese Shia Moslems it is holding in exchange for the seven missing men. Islamic Jihad, which last week freed the British hostage Mr John McCarthy, indicated in a letter to Mr Pérez de Cuéllar that freedom for the other 10 western hostages in Lebanon depended on the release of the Lebanese held by Israel.

Mr Uri Lubrani, the chief Israeli negotiator, described his talks with the UN chief yesterday as "fruitful". He said that his delegation hoped for good news soon on the missing servicemen, adding that he would stay in Geneva today although no further meetings were planned. "Patience and perseverance" would be needed to end the hostage crisis, he said, but the involvement of Mr Pérez de Cuéllar was "a very good omen".

Mr Ahmed Jibril who heads a *Palestinian guerrilla faction*, the Popular Front for the Liberation of Palestine (General Command) said in Damascus yesterday that three of the missing Israelis were alive, one was confirmed dead, and three were unaccounted for.

Israel is understood to have *demanded video films of the* surviving servicemen before it will consider making a deal. For the moment it has ruled out a goodwill gesture by releasing a few Lebanese Shia prisoners. Mr Pérez de Cuéllar said before meeting the Israeli delegation yesterday that a gesture from one side or the other would be extremely helpful.

Mr Jibril added that Hizbollah, the militant pro-Iranian group, or groups close to it, were holding the three surviving Israelis. He also said that nothing had ever been heard of three members of an Israeli *tank crew who went missing in* a battle with Syrian forces during the 1982 invasion of Lebanon.

Another Palestinian faction, the Democratic Front for the Liberation of Palestine, has acknowledged that it has the remains of an Israeli soldier.

The Palestinian leader *claimed that Israel was* attempting to block a hostage deal by again raising the issue of the three-man tank crew. "The question of those three was raised by the Israelis when we exchanged prisoners of war in 1985 and we told the Israelis that we do not know anything *about them and that they must* have been killed in the fighting."

Mr Jibril claimed that, as a result of those assurances, the Israelis abandoned their demand for the men or for any further information. "*I think* that the Israelis want to raise new obstacles in order to *counter the pressure imposed* by the international community to force them to free the hostages," he said, adding that the UN secretary-general should show as much concern for Palestinians *held in Israel* as he did for Lebanese Shias.

Tehran's biggest circulation *newspaper hit out yesterday at* the planned hostage deal describing it as premature, and a move planned to enhance US influence in the Middle East.

Reports from Beirut said Shia fundamentalists insisted no more hostages would be released until Israel gave something in return for the freeing *of two western hostages*.

Israel waits, Page 4

Chief Israeli negotiator, Uri Lubrani, said "patience and perseverance" would be needed to end the hostage crisis

BCCI rescued Pakistan from balance of payments crises

By Christina Lamb in Islamabad

THE COLLAPSED Bank of Credit and Commerce International (BCCI) on several occa*sions provided the Pakistani* government with finance to stave off balance of payments crises when no other sources of funds were available.

In return, the bank received favours such as government contracts for itself and important clients. The practice appears to have been typical of the way BCCI ingratiated itself with the establishment of many countries in which it operated.

The state bank governor and the head of BCCI Pakistan have confirmed in interviews *that BCCI has often stepped in* over the past 14 years to bolster the country's depleted foreign exchange reserves.

Mr Abdul Basir, head of BCCI Pakistan, said: "We helped the Pakistan government on a number of occasions with balance of payments. I know of at least three times *when we made short-term* loans of $100m."

Mr I. A. Hanfi, governor of the state bank, said: "This is *normal business practice* – a commercial deal that any bank might have done."

However, bankers in Karachi say BCCI has always come to Pakistan's rescue when no other bank would, particularly as the country's credit rating has worsened.

They link the bank's willingness to help to the close friendship of its Pakistani founder, Mr Agha Hasan Abedi, with Pakistan's most senior political figures including the late President Zia and current President Ghulam Ishaq Khan, who was finance secretary when BCCI was given its licence to operate.

*In return for helping Pakis*tan, Mr Basir says BCCI benefited with exclusive government contracts for financing rice and cotton exports. Former BCCI officials say the bank's ready assistance ensured its major customers were favoured in the award of government contracts.

According to Mr Basir, the last occasion balance of payments support was given was in 1988, before Mr Abedi *became ill* and effectively relinquished control of the bank.

BCCI made similar loans to other countries, particularly in Africa, according to those close to the bank, although not on the same scale as Pakistan. This earned it the gratitude of often hard-pressed governments, and ensured that BCCI received a share of local business.

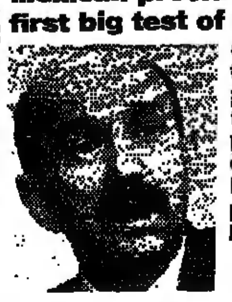
Ordinarily, BCCI did not involve itself in balance of payments lending, preferring to act as a supplier of trade *finance and letters of cred*it – a safer form of lending.

According to a report by *Price Waterhouse, BCCI had* lent $349m to Third World countries with loan problems by the end of 1989. Most of this – $246m – was to Nigeria. Other large recipients of loans included the Philippines ($30m), *Zambia ($26m)* and Sudan ($20m), with smaller amounts to Iraq, Mexico, Cuba, Sierra Leone, Ivory Coast and Panama.

BCCI shutdown, Page 7

CONTENTS

Mexican president faces his first big test of popularity



Carlos Salinas de Gortari, Mexico's dynamic president, faces his first test of national popularity since his election in 1988, when Mexicans go to the polls on Sunday.

Page 10

MARKETS

STERLING
New York lunchtime:
$1.687
London:
$1.6875 (1.693)
DM2.9275 (2.93)
FFr9.955 (9.975)
SFr2.565 (2.565)
Y230.50 (231.0)
£ Index 90.8 (same)

GOLD
New York: Comex Dec
$363.6 (362.2)
London:
$357.25 (356.75)

N SEA OIL (Argus)
Brent Sep
$19.425 (19.475)

Chief price changes yesterday: *Page 13*

DOLLAR
New York lunchtime:
DM1.73625
FFr5.9065
SFr1.5205
Y136.6
London:
DM1.735 (1.7305)
FFr5.9 (5.8925)
SFr1.5195 (1.5145)
Y136.55 (136.5)
$ index 66.4 (66.3)
Tokyo close: Y136.4

US lunchtime rates
Fed Funds: $5\frac{1}{2}$%
3-mo Treasury Bills:
5.441%
Long Bond:
$100\frac{1}{4}$
yield: 8.097%

STOCK INDICES
FT-SE 100:
2,608.8 (+23.9)
FT Ordinary:
2,033.3 (+11.0)
FT-A All-Share:
1,246.95 (+0.9%)
New York lunchtime:
DJ Ind. Av.
3,016.55 (+7.83)
S&P Comp
391.28 (+1.66)
Tokyo: Nikkei
23,393.3 (+521.3)

LONDON MONEY
3-month Interbank:
$10\frac{15}{16}$% ($10\frac{31}{32}$)
Liffe long gilt future:
Sep $93\frac{1}{4}$ ($93\frac{7}{32}$)

Genscher says Yugoslav peace talks must start

By **Judy Dempsey** in London and **David Gardner** in Brussels

YUGOSLAVIA'S political leaders must start peace talks to resolve the country's crisis, Mr Hans-Dietrich Genscher, the German foreign minister, said yesterday.

Today is the deadline by which Yugoslav diplomats told last Friday's emergency session of the 35-member Conference on Security and Co-operation in Europe in Prague that they would call peace talks.

Western diplomats had hinted strongly at that meeting that they would not rule out calling an international peace conference, if Yugoslavia's leaders proved unable to implement a lasting ceasefire, and negotiate the future of the country's internal borders.

However, Yugoslav diplomats had firmly rejected any such international peace conference.Mr Genscher's warning coincided with further skirmishes between Serbs and Croats in Croatia, adding further pressure to the fragile ceasefire.

At least five people died following gun and mortar attacks late on Tuesday night in Croatia. More than 300 people have died since Slovenia and Croatia declared their independence on June 25. More than 200 have been killed in Croatia.

Mr Genscher, who is sympathetic to independence declarations by Slovenia and Croatia, yesterday said in a statement: "This time must not pass unused. The start of the peace process allows no further delay.... The people of Yugoslavia are waiting for these negotiations."

There were no clear signs yesterday that a conference was being prepared. Nevertheless, senior EC diplomats said that recent contacts with all parties to the conflict indicated that the Yugoslavia leaders were in fact working towards convening negotiations.

They added that the Community "much preferred an internal solution", and was being flexible about the deadline.

Meanwhile in Yugoslavia, the federal authorities yesterday announced that the special commission set up to implement and monitor the ceasefire, would send observers to Croatia later this week.

Mr Irfan Ajanovic, a spokesman for the commission, said objections by the Croatian authorities to its composition had now been overcome, thus clearing the way for sending about 80 observers. They would attempt to determine which side was guilty in breaching the ceasefire.

Mr Ajanovic also said that the state presidency and republican leaders would hold more talks in Belgrade on August 20-21.

Serbians flee across the Danube from their homes in Croatia

BIS reports big contraction in global banking

By **Rachel Johnson**, Economics Staff

BANKING activity worldwide slowed down sharply in the first quarter of the year as Japan put the brakes on its international banking business.

The latest survey from the Bank for International Settlements in Basle revealed an "unprecedented contraction" in total cross-border claims of $54bn in the first quarter. The figure, which includes local claims in foreign currencies, is the largest-ever absolute decline ever recorded and reawakened suggestions of a global credit crunch.

"The Japanese were very aggressive lenders in the 1980s and I suspect they have become more cautious about who they supply now," said Mr Ian Harwood, international economist at Warburg Securities.

The BIS – the central bank for other central banks – attributed the first decline in banking aggregates since 1984 primarily to the changing behaviour of Japanese banks. They were lending less in order to meet strict international guidelines dictating the minimum levels of capital, known as capital adequacy ratios.

Instead of the traditional "window-dressing" activities – expanding balance sheets as normal before the close of the financial year in mid-March – Japanese banks cut back interbank positions throughout the first quarter.

These cutbacks reflected both heightened attention to capital adequacy ratios and concern about counterparty risks, the BIS said. As a result, new final lending fell to $55bn in the first quarter from $85bn in the previous quarter.

The overall contraction was almost fully accounted for by the Japanese banking system, with interbank claims between Japan and other countries falling by $76bn. But activity was also depressed by the economic slowdown or recession in several of the reporting countries such as the US, Britain and France.

However, business grew strongly in other areas of the financial markets. A record amount of international bonds was issued – $91bn – with volumes particularly higher in the fixed-rate sector.

Large amounts of government-backed securities were issued, with the Ecu increasingly being selected as the denominating currency. Banks' outstanding claims denominated in Ecu rose by $15.7bn to $194bn over the reporting period.

Despite these increases, the BIS headline figure of $100m net international financing in the first quarter of 1991 showed that credit was less available in the banking system.

Iceland sees way out of Efta crisis

ICELAND'S Prime Minister, Mr David Oddsson, offered hope yesterday that the European Community (EC) and the European Free Trade Association (Efta) could rescue their stalled trade talks, Reuter reports from Reykjavik.

"There is a glimmer of hope ... but we have a long way to go still," Mr Oddsson said after meetings between the five Nordic prime ministers on Monday and Tuesday.

He based his judgment in particular on a meeting with Norway's Prime Minister, Mrs Gro Harlem Brundtland, although neither he nor Mrs Brundtland would discuss details.

Norway, Sweden, Finland and Iceland belong to Efta, which also includes Austria, Switzerland and associate Liechtenstein. Denmark is a member of the 12-nation EC.

Last month the EC-Efta talks to create a 19-nation free-trade zone were adjourned until September following deadlock on several issues.

One of the toughest problems is a demand by Iceland and Norway for duty-free access to EC fish markets. They have rejected an EC offer of limited access in return for permits for Community trawlers to fish in Efta waters.

Yilmaz seeks Cyprus meeting

Turkey's Prime Minister Mesut Yilmaz has suggested to his Greek counterpart that they meet to discuss Cyprus next month, ahead of a proposed international conference on the divided island, Reuter reports from Cyprus.

"In a letter sent on Monday to (Greek Prime Minister Constantine) Mitsotakis, Mr Yilmaz has suggested they meet during a September 11-13 Paris meeting of the European Democratic Union to discuss bilateral relations and reduce differences of opinion before the Cyprus talks," a senior foreign ministry official said yesterday.

"The Turkish Cypriots want to be assured of Greek-Cypriot intentions to establish a new and peaceful partnership in Cyprus," Mr Yilmaz said.

Cyprus has been divided into Turkish and Greek sectors since 1974 when Turkish troops occupied its northern third. The breakaway Turkish Republic of North Cyprus is recognised by Ankara alone.

Norway's jobless at post-war high

Norway's unemployment has reached a post-war high of 7.3 per cent including those on government job schemes, against 6.9 per cent at the start of the month, according to official figures up to August 9.

Mr Harald Rensvik, the labour minister, blamed the rise on the country's crumbling building and construction industry and added that people were joining job schemes after returning from the holidays.

Switzerland seeks to end CFCs

Switzerland said yesterday it would phase out chemicals damaging to the earth's ozone layer, and hoped virtually to eliminate their use by 1995, Reuter reports from Berne.

The use of chlorofluorocarbons (CFCs) and other ozone-damaging chemical compounds will be sharply cut back from the beginning of next year and will be widely eliminated by 1995, the Interior Ministry said.

It expected annual usage of CFCs to fall to 1,500 tonnes in 1992 from 8,000 tonnes in 1986. By 1995 the figure should be only a few hundred tonnes. Scientists say CFCs have burnt a hole in the protective ozone layer.

Soviet Asia republics seek to bind economies

By **John Lloyd** in Moscow

THE LEADERS of the Soviet Union's five central Asian republics met yesterday in the Uzbek capital of Tashkent to agree to bind their economies more closely together in an effort to escape what they believe will be one of the harshest and leanest winters since the war.

The move comes amid continuing signs of economic malaise and disintegration of the union. It is, on a larger scale, indicative of a flurry of economic treaties being signed between the republics, struggling to build a rudimentary system of trade and exchange – often by barter – out of the ruins of the state-supply system.

Mr Nursultan Nazarbayev, president of Kazakhstan and among the most powerful of the Soviet Union's 15 republican presidents, said: "Economic ties are cut and there is no central power, no redistribution, so our people are suffering. That's why we have to think together and work out a strategy."

Mr Islam Karimov, the Uzbek president: "Each day the process grows worse, without pause. In the coming winter, I would say the country is threatened with hunger."

Mr Nazarbayev, in spite of his view that the centre was powerless, again urged republics to sign the union treaty on or after August 20. Mr Boris Yeltsin, the Russian president, said yesterday after meeting Russian deputies who urged him to delay signing the treaty until it had been discussed in its latest form, that the treaty "would confirm the independence of Russia."

Figures produced yesterday by the state statistical body Goskomstat showed that the drop in production in July was slowed but not halted. Overall production fell by 6.2 per cent in the first seven months of 1991 – the same fall as in the first six months.

Oil production was down 10 per cent, while coal production was 20 per cent down, metallurgy 12 per cent down and engineering products between 3 and 6 per cent down.

The Communist Party daily Pravda yesterday revealed what has been common knowledge in the Soviet Union for months – that medicines are "in catastrophically short supply."

It said that "not only are pharmacies empty, but hospitals lack even basic medicines for surgical operations. Doctors warn that unless medicine is received soon, many thousands of ill people will die.

A more vivid report in the radical Komsoloskaya Pravda provided evidence of what is happening now. It said that in poorly-supplied Eastern Siberia, at least two separate incidents had occured where townspeople had taken supplies straight off the trains.

In Chita, the regional capital, women emptied a tanker wagon of sunflower oil into jars and pans; while at the village of Priargunsk, the local people surrounded a tanker wagon of wine until the producer of the wine agreed to distribute it among them.

Portuguese textiles face a ragged future

Patrick Blum reports on plans for restructuring a fragmented, low-wage industry

PORTUGAL'S textile and clothing industry is in turmoil. As factories closed for their summer break, employers and trade unionists vied with predictions that many may not reopen their gates in September. The industry is the country's biggest exporter and employer.

In July, the Associacao Nacional dos Industriais Texteis, Algodoeiras e Fibras (Anitaf), a leading textile employers' association, threatened its members would stop social security payments and payments to state-owned banks and public utilities, unless the government set up a crisis management commission for the textile industry within 60 days.

The association wants urgent discussions over a planned Esc750bn (£2.9bn) 15-year programme of modernisation for the textile industry for which Portugal is hoping to win European Community support.

In the first six months of this year, at least 12 companies closed with the loss of over 3,000 jobs, and many more are close to bankruptcy with several thousands more jobs at risk.

Trade unions have warned of a possible "collapse" of the textile industry unless urgent measures are applied. The unions are concerned about the rising number of factory closures and job losses and say that thousands of workers are not being paid or are being paid two or three weeks late. In the Braga district alone, a trade union study estimates that in July companies owed Esc19bn in back payments for social security and that 2,500 workers were affected by wage arrears.

Mr Luis Fernando Mira Amaral, the industry and energy minister, dismisses as alarmist claims about a crisis: "I have heard people talking of a crisis for 25 or 30 years. What there is, is a constant restructuring with companies closing down and (new ones) opening."

The government has agreed to establish four ministerial working groups with employers to seek ways to speed up restructuring.

Portugal's textile and clothing industry accounts for almost 30 per cent of the country's total exports – roughly the same proportion as in 1980 – but the value of exports has doubled from Esc342bn in 1986 when Portugal joined the European Community to Esc685bn last year. EC membership, by lifting former restraints on exports to Community member countries, initially benefited the industry, but while production expanded, most companies – with few exceptions – continued to rely on

> The bulk of Portugal's 2,500 companies employ fewer than 50 workers each, and they lack the finance and the marketing skills needed to adapt to increasingly tough competition and changing demand.

low wages and increasingly outdated manufacturing techniques.

The industry is highly fragmented despite is geographical concentration in the north and centre of the country. The bulk of Portugal's 2,500 companies employ fewer than 50 workers each, and they lack the finance and the marketing skills needed to adapt to increasingly tough competition and changing demand.

Producing mainly cheap goods Portuguese companies face direct competition from low-cost Asian producers. The recent extension of the Multi-Fibre Arrangement which governs world trade in textiles and clothing has provided a temporary respite, but the government's critics say it will be wasted unless something is done to support the local industry now.

The recent export growth hides the increasingly precarious financial condition of many companies. Even large groups such as Coelima, one of Portugal's biggest textile groups, ha asked for urgent financial assistance to avoid bankruptcy. Financial difficulties for many companies are compounded by punishingly high interest rates of 22 per cent to 24 per cent.

Both government and industry agree that the textiles industry needs restructuring if it is to survive. This will inevitably lead to the closure of unprofitable companies and the loss of many more jobs.

Companies are having to move up-market with better designs and higher quality products, but even those that have made the transition find the going tough as a result of the down-turn in demand in Europe. The EC takes about 70 per cent of Portuguese textile exports and another 20 per cent go to countries of the European Free Trade Association. "There are fewer orders, orders are smaller and payments are delayed," says Mr Luis de Castro Fernandes, managing director of Highlight, a successful sports ready-to-wear manufacturer from Oporto.

He says far more time and effort has to be put into marketing and contacts with customers. "We have to adapt and adapt fast to the changing market. You need to be flexible. Companies with limited production facilities based on volume sales at low prices will face big problems," he says. He believes companies will have to be more directly involved in distribution either with the creation of brand names or through sales outlets.

It will be a difficult step for many. "We need an industrial revolution and a complete change of attitude in our industry," says Mr Alexandre Pinheiro, president of Anivec, the association representing clothing and ready-to-wear manufacturers. He says companies must make an effort to modernise, but the government must also help.

"We need money and time. We want a special (EC) programme aimed specifically at the modernisation and reconversion of the textile and clothing industry." He says the costs of the modernisation programme which is awaiting approval in Brussels should be split one third each between the government, the EC and the companies, with the government and the EC providing the initial Esc750bn.

Denmark approves bridge plan

By **Hilary Barnes** in Copenhagen

THE Danish parliament yesterday voted to build a road-rail bridge across the sound between Denmark and Sweden.

Swedish MPs have already approved the project, which will connect Copenhagen and Malmö. It is expected to cost about DKr12bn (£1bn) and should be completed by 1997.

In 1973 Danish MPs turned down a similar project at the last minute, after both governments and their Swedish counterparts had given their approval. Last week, it appeared the present project might be put in jeopardy by the European Commission.

However, a delegation of senior civil servants went to Brussels and convinced the Commission that all interested parties had had a proper chance to air their views.

Environmentalist organisations believe it may affect the Baltic Sea by changing the water flow and thus influencing the salt content. They also say that an increase in car and lorry traffic will add to Copenhagen's pollution.

Supporters of the link say it will bring fresh life to the Danish capital, drawing large numbers of Swedes to savour the pleasures of Copenhagen.

Group plans first Albanian airline

ONE OF Albania's pioneering companies, a Franco-Albanian joint venture called Adriatiku DFS Albania (Groupe ADA), is planning to set up the Balkan state's first airline, Reuter reports from Tirana.

Mr Besnik Shtyla, development manager, said the group had bought a second-hand Brazilian-built Banderainte EM 18-seater aircraft to start daily flights between Tirana and Bari, in Italy.

The new airline, Adalbanair, is awaiting a licence from the Albanian authorities before starting operations, but has already joined the International Air Transport Association (IATA), he said.

It also plans to fly to Greece and a second aircraft, to be delivered next month, will be used for domestic flights.

Groupe ADA, formed last October and operating since January with a capital of $1m, is 50 per cent owned by the Albanian state, with two French entrepreneurs holding the rest.

The two Frenchmen, who had experience of trading with Albania under the closed communist regime which ended earlier this year, have invested about $5m in the venture, Mr Shtyla said.

The group's main activity is operating shops around the country which sell clothes and cosmetics in exchange for the national currency, the lek.

But, drawing on the experience of one of the French partners in Hong Kong and Brazil, it has also opened duty-free shops selling goods for hard currency in Tirana's main hotel and at Rinas airport.

Lek revenues are used to pay the salaries of the 100-strong Albanian staff. Groupe ADA also plans to build offices in Tirana and to buy Albanian goods locally to sell abroad.

The group is moving into tourism, building a restaurant in the southern resort of Sarande, and plans to start an economic magazine in a joint venture with Albanian journalists.

Its information division acts as the Albanian distributor for US computer makers IBM and Hewlett-Packard. Mr Shtyla said Groupe ADA wanted to seize the opportunity to be in at the start of Albania's economic reforms. "We are taking the risk of making a loss for several years. We know Albania will become like other countries. It's a matter of time."

Germany raises child care leave to 3 years

By **David Goodhart** in Bonn

GERMAN employers must keep a job open for three years for a mother, or a father, who takes time off to look after a child, the German cabinet proposed yesterday.

It extended the job guarantee from the previous two years as part of a package of measures to improve the financial position of families.

The state will also pay mothers, or fathers, the DM600 (£205) a month child raising money for two years instead of the current 18 months.

● The German cabinet yesterday agreed a plan to establish a Federal Export Office to oversee export control. Germany has been attacked in the past few years for its inability to stop the export of dangerous goods especially to countries in the middle east.

German exporters say the regulations are too zealously applied and that this is harming German companies' reputation as reliable deliverers.

Indian entrepreneur adds spice to the Tallinn diet

By **Robert Taylor**, recently in Tallinn

IN A cellar in Tallinn's old town square an Estonian-British joint venture is fighting to survive in the face of an indolent workforce, supply problems, and customers reluctant to spend money.

Opened only five months ago the Maharaja restaurant seems an unlikely addition to the Estonian capital's meagre and surly catering establishments.

Serving a range of high quality Indian cuisine, however, it is already rated by many western visitors as one of the best restaurants to be found anywhere in the Soviet Union. Unlike Soviet establishments it seeks to welcome its customers and its food is exquisite with tender lamb and chicken, a heavenly raita and nan baked on the premises.

The Maharaja is the idea of Indian entrepreneur Iddharthan Bose, who has been selling computers and software to the Soviet Union since the early 1980s. A fluent Russian speaker, with a doctorate from Moscow University and a regular traveller in the Soviet Union, he runs his own company, Perfect Technologies, from an office in Golders Green Road, London.

He was encouraged to start up the restaurant in Tallinn in co-operation mainly with the Indian-based Malhotra group and several Estonian organisations, including a clothes company. The western side of the operation owns 40 per cent of the joint venture.

Mr Bose had originally calculated the western contribution to the venture at $50,000. In the event, the western partners had to find $160,000 (£95,000) and the Estonians Rbs500,000 (£165,000 at the commercial rate of exchange) to convert what was literally an underground waste disposal dump.

"You have to run and struggle all the time', admits Says

European Diary

Estonia

Sanjay Walia, who directs operations and who used to run a restaurant for the Malhotra group in New York.

The kitchen is manned by three chefs brought in from India while service is provided by Estonians. "We trained the locals for three months," says Mr Walia. And the 34 staff have a hard currency pay incentive to encourage hard work.

However, the "why work?" mentality in Tallinn exasperates the Indian management who keep the restaurant open seven days a week for lunch and dinner. "They think they are doing well so they want to relax," Mr Bose says. "We always have to make sure an Indian manager is here. If they were left alone the place would fall apart."

The restaurant has a constant battle to replenish its food stocks. People are employed for up to 10 hours a day scouring the markets for the best meat and vegetables for which they have to pay over the odds. Spices and other ingredients are brought in from London or India. The restaurant has sold out of fine French and Italian wines at the moment and must wait patiently for the next supply to arrive via Moscow.

There have also been some unforeseen problems stemming from the array of taxes and duties being levied on the restaurant business. A 10 per cent turnover tax was suddenly imposed recently, and 30 per cent customs duties on the Maharaja's imported necessities adds to the cost burden.

All the kitchen equipment was imported from India. Even a designer was drafted in from the sub-continent to plan the decor of the restaurant. The tables, chairs and crockery were made locally but to Indian specifications.

The Maharaja is open in the evening only to hard currency customers, but at lunchtime it takes roubles. Mr Bose admits many Estonians feel they have more pressing uses for what American dollars, Finmarks or Swedish krona they can get their hands on than to spend them in a restaurant. As a result the Maharaja's clientele is mainly limited to western visitors or local VIPs. After all, lunch for three nearly costs as much as a average worker's monthly wage in Tallinn.

"We're not meeting the interest on our loans at the moment," says Mr Bose. And although the restaurant's owners are hopeful of turning a profit within the next two years, making money in Estonia is never likely to be easy.

Mr Bose is convinced that the biggest contribution that western entrepreneurs like him can make to the development of a Soviet market economy is not cash or even technology. "What they really need are western managers," he argues. Mr Walia agrees. "It is the attitude of mind here that is the real trouble. People have lost the will to work. The old Soviet system failed to encourage initiative and enterprise."

The Financial Times (Europe) Ltd
Published by The Financial Times (Europe) Ltd., Frankfurt Branch, (Guiolettstrasse 54, 6000 Frankfurt-am-Main 1: Telephone 069-75980; Fax 069-722677; Telex 416193 represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei GmbH, Frankfurt/Main. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1991.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

Chrysler plans drive to export vehicles to UK

By Kevin Done, Motor Industry Correspondent

CHRYSLER, the US car maker, is to begin exporting vehicles to the UK from North America late next year as part of its international expansion.

It is expected later this month to appoint TKM Automotive, the UK vehicle distributor and retailer, as its UK importer.

Chrysler, the smallest of the big three US car makers, is planning initially to produce right-hand drive models of its Jeep Cherokee four wheel drive leisure/utility vehicle range for export from the US in late 1992.

It will become the first US-owned car company to mass produce right-hand drive vehicles for export out of North America. The company said it was considering all the world-wide right-hand drive markets including the UK, Japan, Australia and New Zealand.

TKM Automotive is a subsidiary of Brierley Investments, the New Zealand investment and trading group. It already holds the import concessions for Ferrari, Daihatsu and Lada in the UK and has interests in the UK importer operations for Mazda and Proton.

Chrysler forecasts that the European market for four wheel drive leisure/utility vehicles will grow from around 100,000 in 1985 to 395,000 by 1995.

Joseph Cappy: no plans to enter high volume sector

Several rivals are also entering this segment of the European market including General Motors (Opel/Vauxhall) and Ford, but with vehicles built in Europe.

In contrast with Ford and General Motors, Chrysler has only limited foreign operations. Its return to the European market follows its ignominious withdrawal at the end of the 1970s, when it was forced by the threat of imminent financial collapse to sell its European operations to Peugeot of France.

In 1988 Chrysler began building up a European distribution network for its North American vehicles and its planned entry into the UK market is part of this expansion.

By the end of 1991 it plans to have 1,061 dealers in place in Europe – excluding the later move into the UK – compared with 801 in 1989. Its biggest presence is in France with 270 dealers, followed by Italy with 194, Germany, 175 and Switzerland with 78.

According to Mr Joseph Cappy, Chrysler vice president for international operations, the company does not yet have any plans to enter a high volume segment of the European car market.

It is concentrating on niche segments such as four wheel drive leisure/utility vehicles with its Jeep range, and minivans, seven- to eight-seat high roof estate cars such as its Chrysler Voyager, where it is the market leader in the US.

Chrysler forecasts that the minivan segment in Europe could grow from 34,000 in 1985 to more than 500,000 by the year 2000.

Caribbean states reduce number of projects to be funded by EC

By Canute James in Kingston

CARIBBEAN members of the African, Caribbean and Pacific (ACP) group have significantly reduced the number of projects they want funded by the EC under the fourth Lomé Convention, but are still unhappy at the amount of money allocated to the region.

At a two-day meeting in Barbados, government ministers from 15 countries reduced their funding requirements under the Lomé Convention from $451m (£286m) to $135m, which is still above the $103m which the EC has allocated.

The Caribbean states have been asking for a significant increase in the allocation from the EC, on grounds that the Caribbean group of the ACP has expanded recently.

The recent admission of Haiti and the Dominican Republic to the ACP has tripled the population of the Caribbean group to 18m people. Allocations from the EC must take account of this, the region argued.

"So far the gap between project requests and funds available has been considerably narrowed," said Mr George Brizan, Grenada's finance minister. "It's above what the EC has allocated, but I don't think there is much point in trying to cut down at this stage," he said.

At their annual summit last month, Caribbean Community leaders said the allocation for the region under the Fourth Lomé Convention did not take account of the expansion of the group.

Some delegates argued that although this was about $17m more than was allocated under the previous Lomé pact, the region was effectively getting less.

Public works a Herculean task for Athens politicians

Kerin Hope on Greek infrastructure projects previously buried by political procrastination

HOWEVER unenviable digging the Athens streets in August might be, the unfortunate workmen who are currently toiling in the Greek sun can at least take comfort from one thing: their task looks set to become a landmark in the shifting world of Greek politics.

For after a decade of delays caused by political procrastination, workmen are now laying a distribution network at the site that will be the terminus of a 500 km pipeline bringing Soviet natural gas from the Greek-Bulgarian border.

The natural gas project, like other infrastructure schemes such as extending the Athens underground system, building a new city airport and improving the water supply, was launched more than a decade ago amid a blaze of publicity. Then it faded from view, except at election times.

Until very recently, short-term political concerns seemed to override all other factors affecting public procurements. As a result, ambitious plans announced by politicians on the campaign trail would get no further than a feasibility study before the government switched priorities or cut the state investment budget. A change of government, or a cabinet reshuffle, would freeze important contracts until the new minister put together his own team of advisers to review them. Under the best of circumstances, long delays were inevitable.

Until very recently, short-term political concerns in Greece seemed to override all other factors that affected public procurements.

"Taking on a project in Greece is always difficult because of constraints in funding and the sudden swings in policy. You must take a long-term view and cultivate patience," says a foreign energy consultant.

The socialists who came to power in the early 1980s, led by Mr Andreas Papandreou, took this practice one stage further by cancelling, on ideological grounds, the main public works projects planned by their right-wing predecessors.

Andreas Papandreou: cancelled projects planned by his right-wing predecessors

Limited government funds should be spent on providing better health care and pensions, it was argued. Several years passed before a few projects were revived, mostly for environmental reasons.

So it comes as a huge surprise to Athenians that the Dr290bn (£900m) natural gas project, which was enthusiastically adopted by a socialist zeal, should be making visible progress under a conservative government.

None the less, construction of the pipeline is expected to run almost a year behind schedule, following delays in starting an environmental impact survey, which may entail archaeological excavations somewhere along the route.

Continuity was also evident in the award in June of a Dr250bn contract for the underground extension – a project first studied almost 40 years ago – to a German-led international consortium, under a revised version of a tender prepared by the socialist government.

In fact, the prospect of fresh funding stimulated the revival of both projects. They are now included in the European Community's regional support programme for Greece, which will make Ecu7bn (£4.9bn) available over the next three years to improve infrastructure and develop business competitiveness. Additional money will come from the European Investment Bank, boosting the Greek government's own contribution.

But the timetable means there is no longer any room for procrastination. "The margins are extremely tight if we are to absorb all the EC money. We lost valuable time in the past. We can't afford any more indecision," says Mr Aristides Tsiplakos, the Economy ministry undersecretary in charge of EC disbursements.

The delays have already taken their toll, as the embarrassing failure of Greece's bid to stage the 1996 Olympic Games in Athens demonstrated. It was not due to any shortage of sports installations: the city's chances were scuppered by a glaring absence of highways, mass transport facilities and up-to-date telecommunications.

Athens still faces the grim prospect of running out of water because successive administrations postponed the construction of a new dam in central Greece, first planned 20 years ago. Despite heavy rains last winter after a three-year drought, lack of maintenance of existing dam and conduit systems has left the city with only a six-month supply.

The Public Works ministry is speeding up tender procedures for building a dam across the Evinos river, 200 km north of Athens, and a tunnel to channel water into the Mornos reservoir, but it will be another three years before the extra water reaches the city.

Athens may run out of water because successive administrations postponed construction of a dam planned 20 years ago.

A large question mark still hangs over the Dr300bn new airport project, abandoned 10 years ago after several thousand hectares of vineyards at Spata, east of Athens, were expropriated and uprooted.

With no immediate promise of EC financial assistance, the government appointed Salomon Brothers as financial adviser to seek bids from international construction groups on a build-operate-transfer basis.

The project leader selected would be asked to set up an international consortium to finance and build a runway and terminal with capacity to handle 20m passengers annually. They could also have the option on extending it later at a later date - although in light of the problems that still dog Greek public work projects in the present, how attractive the future options would be remains to be seen.

Mosbacher may demand fisheries sanctions

By Nancy Dunne in Washington

MR Robert Mosbacher, the US commerce secretary, may ask for sanctions against Taiwan and South Korea for violating bilateral agreements by allowing illegal driftnet fishing.

"This blatant violation of our driftnet agreements by both Taiwan and the Republic of Korea is intolerable and cannot be ignored," he said. "It is clear we must impress upon Taiwan and the Republic of Korea our seriousness regarding illegal driftnet fishing operations.

Under US law, the commerce secretary may now ask President Bush to restrict the import of all seafood products from the two countries.

Under the terms of the bilateral pacts, all driftnet vessels from South Korea and Taiwan are required to carry satellite transmitters which allow the US National Oceanic and Atmospheric Administration (NOAA) and the US Coast Guard to monitor the positions of the driftnet vessels in the Pacific. This is to ensure that they are operating in legal fishing zones.

According to the Commerce Department, special agents from NOAA and the US Coast Guard examined data generated from satellite tracking systems and found that at least 21 vessels from Taiwan and 17 from South Korea were fishing with large driftnets in an area 75 nautical miles north of the boundary specified under the bilateral driftnet agreements.

The department said a Taiwanese enforcement vessel was sighted near the illegal operations but reportedly took no action to stop them.

Australia criticises US on wheat

By Kevin Brown in Sydney

AN assurance by President George Bush that the US would avoid selling subsidised wheat to traditional Australian markets contained "too many loopholes," Mr Simon Crean, primary industries minister, said yesterday.

In Washington, US and Australian officials were yesterday holding consultations in which the US was expected to lay the blame in this row on the European Community and its exportable wheat surplus and subsidised exports.

Mr Bush had given the assurance to Mr Bob Hawke, the Australian prime minister, after repeated complaints that the US was "dumping" wheat in Australian markets as part of a subsidy war with the EC.

Speaking ahead of the Washington discussions, Mr Crean said Australia accepted that Mr Bush had intended to avoid friction between the two countries over wheat sales. However, Mr Crean said the integrity of the president's assurance was being subverted by US officials under pressure from American farmers, whose incomes have suffered because of falling world wheat prices.

Australian farmers claim sales under the US Export Enhancement Programme (EEP), will cost them up to A$1bn (£462m) in lost sales this year, and could have severe long-term effects on Australia's global market share.

Significant sales under EEP have been made this year to Yemen, Algeria, China and Kuwait, all regarded by Australian farmers as part of their traditional trading area.

So far, the government has rejected calls for retaliatory action, such as the closure of US military bases, and supported the US argument that EEP sales are intended to force the EC to reduce export subsidies.

However, pressure for action against the US intensified yesterday when the Australian Senate called on the US to "minimise damage to non-subsidising exporters such as Australia."

Mr Crean warned farmers that Australia's relatively small economy ruled out any attempt to match foreign subsidies. "A subsidy war is a war we cannot win. We cannot match the resources of the US and the EC," he said.

● The Australian Wheat Board claimed Louis Dreyfus, the French commodity trading house, was attempting to sell 24,000 tonnes of heavily subsidised Saudi Arabian wheat to New Zealand, a long-term Australian customer. Mr Clinton Condon, wheat board chairman, said Saudi subsidies were up to US$800 a tonne – around ten times current world prices.

Chinese trade delegation to visit US

TOP Chinese trade officials are to leave for Washington on Saturday for four days of talks to cool tempers frayed by Beijing's mounting trade surplus and its patchy record on copyright protection, a senior Chinese official said in a newspaper report yesterday, Reuter reports from Beijing.

"China is taking steps to increase the transparency of its foreign trade policies and regulations," Sun Zhenyu, director of American and Oceanian Affairs at the Ministry of Foreign Economic Relations and Trade, told the official China Daily.

The team is led by Tong Zhiguang, vice minister of foreign trade, and includes diplomats and officials from China's customs, patent and copyright offices.

China's ties with the US, strained by Beijing's bloody 1989 crackdown on pro-democracy protests, have been further shaken by a rancorous dispute over trade issues.

In 1990, China enjoyed its first overall trade surplus since 1983. Its surplus with the US alone was more than $10bn (£5.9bn), US statistics showed. Washington fears this could rise to over $15bn this year.

The surplus figured prominently in the US congressional debate this year over extending China's Most Favoured Nation (MFN) trade status, which gives the lowest possible tariffs to Chinese exports.

China's ties with the US, strained by Beijing's bloody 1989 crackdown on pro-democracy protests, have been further shaken by a rancorous dispute over trade issues.

Last month, the US House of Representatives and Senate voted to impose conditions on China to be met before MFN was renewed for 1992, including improvements in human rights.

A final version of the bill has not been sent to President George Bush, who has promised to veto the legislation.

China is growing increasingly worried about the trade dispute.

"We understand that Sino-US trade is of great concern to the US Congress and government," Sun said. "We welcome such an opportunity to make bilateral consultations and we hope something positive will come out of the meeting."

He added: "We have stopped the downward trend of our imports from the US, which dropped 16 per cent in 1990." Chinese customs figures showed US imports rose 6.2 per cent in the first half of 1991 compared with the same 1990 period, he said.

China was trying to improve protection of copyrights, patents and other intellectual property rights issues, Sun said. Beijing enacted its first copyright law this year.

"China is striving to further improve the protection, and there is no doubt about such a strong determination," he said.

The Chinese team was expected to lobby hard for US support for Beijing's bid to enter the General Agreement on Tariffs and Trade. China's entry to the world trade body has been stalled by doubts whether Beijing can live up to the Gatt's free-market ideals.

While warning that "we cannot solve all the problems overnight," Sun called on Washington to revive a joint trade commission suspended after the 1989 crackdown. This would "pave the way for the real normalisation of the bilateral trade relationship and for work on long-term trade programmes," he said.

● The Civil Aviation Administration of China (CAAC) will sign an $800m agreement with Boeing to buy 13 of its 757 aircraft. A spokesman for Boeing China said the signing ceremony with China Aviation Supplies Corp, purchasing arm of CAAC, was due last night.

INTERNATIONAL NEWS

Israel deals with 'terrorists' to get its citizens home

Tony Walker reports on the pressures on politicians over the handful of Israeli soldiers held in Lebanon

IN THE often merciless Middle East bazaar, hostage swaps are nothing new.

For the past two decades, Israel has been at the centre of many of these transactions even as it insisted that it would not do business with "terrorists".

Mr David Tal, a terrorism expert at the Jaffee Strategic Studies Centre in Tel Aviv, explained that in a small country such as Israel, the plight of hostages weighs particularly heavily with Israeli leaders who feel under perhaps greater pressure than their western counterparts to secure the release of their nationals from captivity.

"In Israel," he said, "the relationship between families (of hostages) and decision-makers is often very close. There is a great deal of sensitivity regarding victims. If you send someone to the battle-field, you have to secure his return at any price."

Thus, in the past 20 years, Israel has exchanged thousands of Arab prisoners for a handful of Israelis who had fallen into enemy hands. Not all these deals have won favour domestically.

In the last big prison release in 1985, there was a chorus of criticism over the freeing of convicted Palestinian murderers.

Mr Tal said that on this occasion the authorities were likely to be more careful in selecting those who they release, making sure that individuals convicted of serious crimes are not among those freed.

"The Israeli position will be tougher," he observed. "I don't think Israel will release terrorists with blood on their hands."

Israel will find itself treading a fine line, nevertheless, in its efforts to satisfy the demands of Lebanon's hostage takers for a "fair trade" for their 10 western and perhaps two Israeli hostages, plus the remains of several others among the seven Israelis listed as missing.

- Early 1971, Israel exchanged Mahmoud Hijazi, a member of Mr Yassir Arafat's mainstream Fatah faction, for an Israeli kidnapped on the Lebanese border on New Year's Eve 1970. Mr Hijazi had been sentenced to life in prison for terrorist activities.
- March 1979, Israel exchanged 76 Palestinians, including convicted murderers, for an Israeli soldier captured in Lebanon the year before by the PLO's splinter faction, the Popular Front for the Liberation of Palestine-General Command, led by Ahmed Jibril.
- November 1983, Mr Arafat released six Israeli soldiers captured in the 1982 invasion of Lebanon for 4,600 Palestinian and Lebanese detainees from the Lebanon war. Israel also returned PLO archives seized from Beirut in 1982 ... after copying them.
- May 1985, two Israeli soldiers held by the PFLP-GC were exchanged for 1,150 detainees, a number of whom had been convicted of serious terrorist acts.

The resulting outcry almost certainly obliged Israel to approach new hostage deals with much greater caution.

But a sign of the Israeli government's continuing interest in doing business in the Middle East hostage bazaar was the kidnapping in July 1989 from his home in south Lebanon of the Shi'ite Moslem cleric, Sheikh Abdul Karim Obeid.

Israel's motive was clear.

It wished to arm itself with an important hostage to trade for its soldiers still being held by the pro-Iranian Hizbollah or "Party of God".

As David Tal observed: "Israel wanted a card to negotiate with Hizbollah." That is exactly what is taking place now through the offices of the UN secretary-general.

South Korea plans £34bn boost for farm spending

By John Ridding in Seoul

PRESIDENT Roh Tae Woo yesterday promised huge investment in South Korea's farm sector to protect it from the competitive impact of market-opening measures.

He said the government would invest Won42,000bn (£33.7bn) over the next ten years in a comprehensive development of the country's agricultural and fisheries industries.

"We must nurture our agricultural industry and make it competitive through a restructuring", said Mr Roh in a speech marking the 30th anniversary of the National Agricultural Co-operative Federation, a powerful lobby group which represents farmers' interests.

The federation has opposed government plans to liberalise South Korea's agricultural markets. It has been particularly strident in opposition to the opening of the highly protected rice market as demanded by the US.

An official at the ministry of agriculture said that government's reform measures are necessary to minimise the damage which would result from market liberalisation proposals contained in the Uruguay Round of Gatt negotiations. He said the government would invest Won35,500bn in physical improvements to the farm sector, including upgrading the distribution system for agricultural products and better equipment in the processing industry.

Roh Tae Woo seeks to mitigate effects of market liberalisation

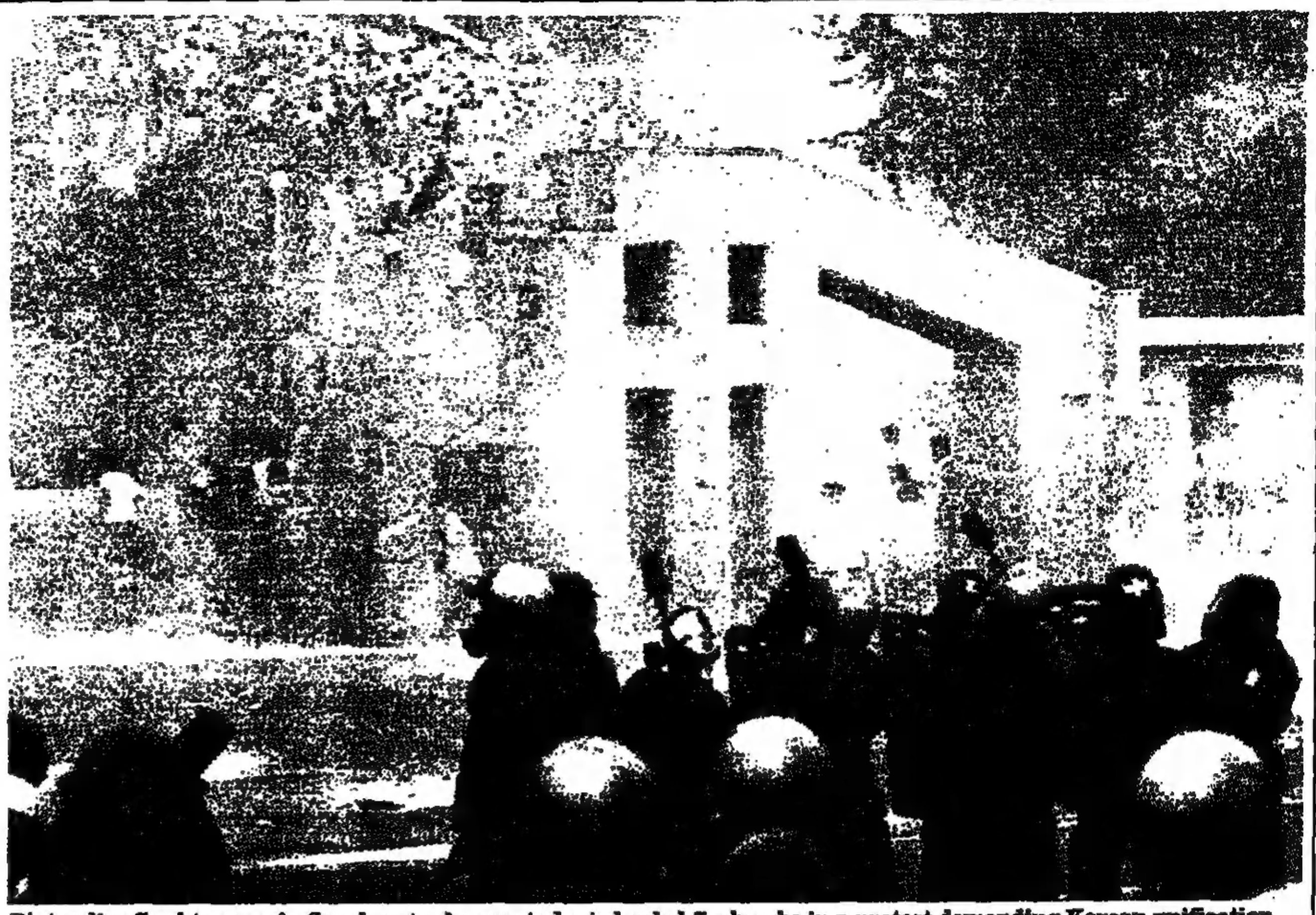
It will also spend Won6,200bn on improving living standards for young farmers and expanding training programmes.

The government will grant loans of up to Won50m a year to each of 10,000 young farmers set to inherit farmlands. The loans, of up to 20 years, will carry low interest rates.

Overall, the government forecast that annual income per farm household would double to Won22m won in 2001 from Won11m in 1990, while the the number of people employed in fishing and farming is expected to fall to between 3m and 4m from 6.7m last year.

Mr Roh expressed hope that the Uruguay Round negotiations would prove successful. "Unless the negotiations succeed, Korea will have to negotiate directly with those nations urging it to open its agricultural markets," he said, adding that this would be "a heavier burden for farmers and the economy".

The president's comments coincided with a pledge by Korea and Japan to co-operate on the sensitive issue of opening rice markets. In Seoul the two sides the issue should be approached from the viewpoint of food security.



Riot police fired teargas in Seoul yesterday as students hurled firebombs in a protest demanding Korean unification

Singapore election set for August 31

MR Goh Chok Tong, Singapore's prime minister, yesterday called general elections on August 31, more than two years earlier than required, Reuter reports from Singapore. Nominations close on August 21.

Victory for Mr Goh's People's Action Party, which has been in power since 1959, is virtually assured. In September 1988, it won 80 of the 81 parliamentary seats.

Mr Goh, who took over from Mr Lee Kuan Yew last November, had announced last week that he would call elections before they were due in 1993 to seek a popular mandate for his economic and social programmes.

Shamir under fire

The outgoing governor of the Bank of Israel made a scathing attack yesterday on Mr Yitzhak Shamir, the prime minister, for his direction of the economy in the face of an influx of Soviet Jews, Reuters reports from Jerusalem.

Mr Michael Bruno said measures needed for Israel to absorb about 300,000 Soviet Jewish immigrants had not been implemented because of Mr Shamir's neglect of economic matters. "Every country's prime minister has to show involvement in the economy and back up his ministers – and this is not the situation here," he told Army Radio.

Malaysian money

Malaysia's central bank, Bank Negara, yesterday announced measures to restrict monetary growth, including an increase in reserve requirements of financial institutions, Reuter reports from Kuala Lumpur.

From August 16, all commercial banks, finance companies and merchant banks will have to raise their statutory reserve ratios by one percentage point to 7.5 per cent of total eligible liabilities. Finance companies will not be allowed to finance more than 75 per cent of the cost of motor vehicles and the repayment period cannot exceed four years.

IMF democracy call

Mr Michel Camdessus, the International Monetary Fund managing director, yesterday called for greater democracy to spur economic development in impoverished Third World countries, Reuter reports from Nairobi.

"Pluralist, participatory regimes are good friends of development," he said at the start of a tour of Kenya, Uganda and Tanzania – all one-party states whose market reform programmes are IMF funded.

Mr Camdessus said accountable governments, with institutions open to public scrutiny and popular participation in decision-making, were keys to economic recovery.

Madagascar plea

France said yesterday that an early election in Madagascar was the only way of ending protests against President Didier Ratsiraka and avoiding further bloody clashes, Reuter reports from Paris. The Foreign Ministry said France did not want to interfere in the internal affairs of its former colony, but "neither can it remain indifferent to current developments in this friendly country," it said.

Rivals consider peace plan for black townships

OFFICIALS from South Africa's main political rivals sat down for talks yesterday to try to end the present political violence, Reuter reports from Johannesburg.

The talks will be the first between representatives of the government, the African National Congress and Inkatha since a slush fund scandal last month poisoned slowly improving relations.

The main topic was expected to be a plan, put forward by a neutral church-business group, for peace in the townships. It calls for a code of conduct for political parties and the security forces, the identification of socio-economic problems and the implementation of a monitoring force.

A permanent peace secretariat would work with a judicial commission on violence and intimidation which reformist President F.W de Klerk proposed last June.

It is believed that broad agreement has already been reached on codes of conduct for security forces and political parties.

Copies of the proposed accord have been forwarded to other smaller parties less involved in the township carnage. It includes a ban on disrupting the activities of political rivals or making inflammatory statements against opposing parties.

The parties are also understood to have agreed that political killers should be brought to court quickly.

If approved, the plan will be submitted for final endorsement by the three parties and all other political movements affected by the violence which has killed more than 10,000 people in the black townships since 1984.

The government admitted paying Inkatha secret funds to offset the ANC's influence in the black townships, a scandal which sidelined two cabinet ministers and led the ANC to accuse Inkatha of being the government's puppet.

The township violence reached epidemic proportions between April and June this year, prompting the ANC to pull out of democracy talks with the government until de Klerk took steps to halt it.

Church and business leaders took the current peace initiative after the ANC and its allies failed to attend a government-convened peace summit in May.

Four charged in Itoman scandal

PROSECUTORS have charged four main suspects in Japan's Itoman corporate scandal, which involves large-scale embezzlement and dubious art deals, the Osaka District Prosecutor's office said yesterday, Reuter reports from Tokyo.

Mr Yoshihiko Kawamura, former president of Itoman, an Osaka-based trading house, was formally charged with embezzlement. Prosecutors also charged Mr Kawamura and Mr Sadamu Takagaki, Itoman's former vice president, with violating the commercial code by endangering their firm's finances.

Mr Suemitsu Ito, a property developer and former Itoman board member and Mr Ho Yung Chung, an Osaka businessman, were indicted on charges of criminal breach of trust. Prosecutors accused Mr Kawamura, with the assistance of Mr Takagaki, of illegally purchasing almost 8.3m Itoman shares over a one-year period beginning in December 1989.

The other two men are alleged to have sold 219 paintings to Itoman for Y55.7bn ($410m). Itoman said it lost Y34.3bn in the deals because the paintings were overpriced.

The indictments are the latest development in a series of scandals that have rocked Japan's financial community.

UK plans for world-wide disaster relief

By Michael Holman, Africa Editor

A PLAN to ensure Britain's fast and effective response to disasters around the world was announced yesterday by Mrs Lynda Chalker, the overseas development minister.

For the first time, the Overseas Development Administration (ODA) will be able to mount its own relief operation based on a rapid on-the-spot assessment of need, close co-ordination with non-governmental aid agencies, and drawing on a register of experts such as doctors, engineers and firemen to form disaster relief teams at short notice, said Mrs Chalker.

"We learned from our experiences in Iraq and other recent disasters how important it was to take stock of the situation at the start," Mrs Chalker told a London press conference. "I want Britain's preparedness to be second to none."

The ODA already maintains a stock of basic emergency supplies for immediate despatch to disaster areas. The plan includes new measures to ensure rapid procurement and despatch of additional goods.

Voluntary aid agencies will continue to be "the core element of Britain's response to disasters, particularly those of a long-term nature, such as the Horn of Africa," she added.

Aid agencies generally welcomed yesterday's announcement, but stressed the need for a comprehensive approach to disasters.

"We need a greater recognition that major long-term support is needed. . . and greater attention must be paid to the structural causes behind disasters," said Ms Jenny Borden, deputy director of the British charity Christian Aid.

Vanuatu heads towards crisis

By Kevin Brown in Sydney

THE PACIFIC island state of Vanuatu was heading towards a political crisis yesterday after Father Walter Lini, the prime minister, tried to ban critics from broadcasting on the national radio station.

The move came shortly after he sacked three ministers, whom he accused of disloyalty to the government. Last month a group of dissident ministers, including Mr Donald Kalpokas, the former foreign minister, were sacked.

Mr Kalpokas later announced that a congress of the governing Vanua'aku party had voted to remove Fr Lini from the presidency of the party, which carries with it the prime ministership. Fr Lini rejected the congress decision, and said he planned to challenge its legality in the island's supreme court, which normally consists of a Vanuatu judge sitting with two judges from other island states.

The three ministers sacked on Tuesday were accused of supporting Mr Kalpokas.

Fr Lini claims widespread support from members of the Vanua'aku Party. He has promised elections later this year, probably in October or November.

There were protests from journalists yesterday after Fr Lini instructed Radio Vanuatu not to broadcast statements from party dissidents because of the "very confusing" internal situation.

Radio Vanuatu defied the ban after Mr Bob Makin, its administrative head, told the premier the station was a vital element of political news coverage. "At this critical time in the period leading up to national elections we feel it is especially expected of us to report all sides," he said.

Baghdad admits 'doomsday' gun

UNITED Nations investigators ended a visit to Iraq yesterday, saying Baghdad had co-operated fully with inspections of an assembled "super gun" and parts for the barrel of an even larger "Doomsday gun", Reuter reports from Baghdad.

Mr Wolfgang Buttler, the German chief inspector, said the team had found no undeclared missiles during visits to 12 sites.

Further teams would visit Iraq to inspect fresh sites and handle arrangements for destruction of the supergun and the "Doomsday" gun parts.

Iraq admitted in July that it had built and tested a 350mm calibre gun and has now declared components for a 1,000 mm calibre cannon, which some experts say could have fired shells into Israel.

South Africans start to learn power sharing at the local level

Patti Waldmeir reports on ways in which local authorities can ensure a rapid transfer of resources from whites to blacks

"THE BATTLE against apartheid is the battle of local government," says Mr Praveen Gordhan, a community activist and member of the African National Congress (ANC). For even when the first universal franchise elections have been held in South Africa – when blacks have been given a national vote for the first time in 350 years – that alone will not guarantee democracy where it matters most, at local level.

The real test of the new South Africa will come in the *dorps* of the Afrikaner *"platteland"* (countryside) and the shanty cities which surround metropolitan areas such as Johannesburg, Cape Town and Durban.

How will blacks and whites share power over residential areas kept geographically and administratively separate by 40 years of apartheid? How will they share a tax base previously monopolised by whites? How will they decide, in short, whether to re-tile the swimming pool (used mainly by whites) or electrify the squatter huts which house indigent blacks?

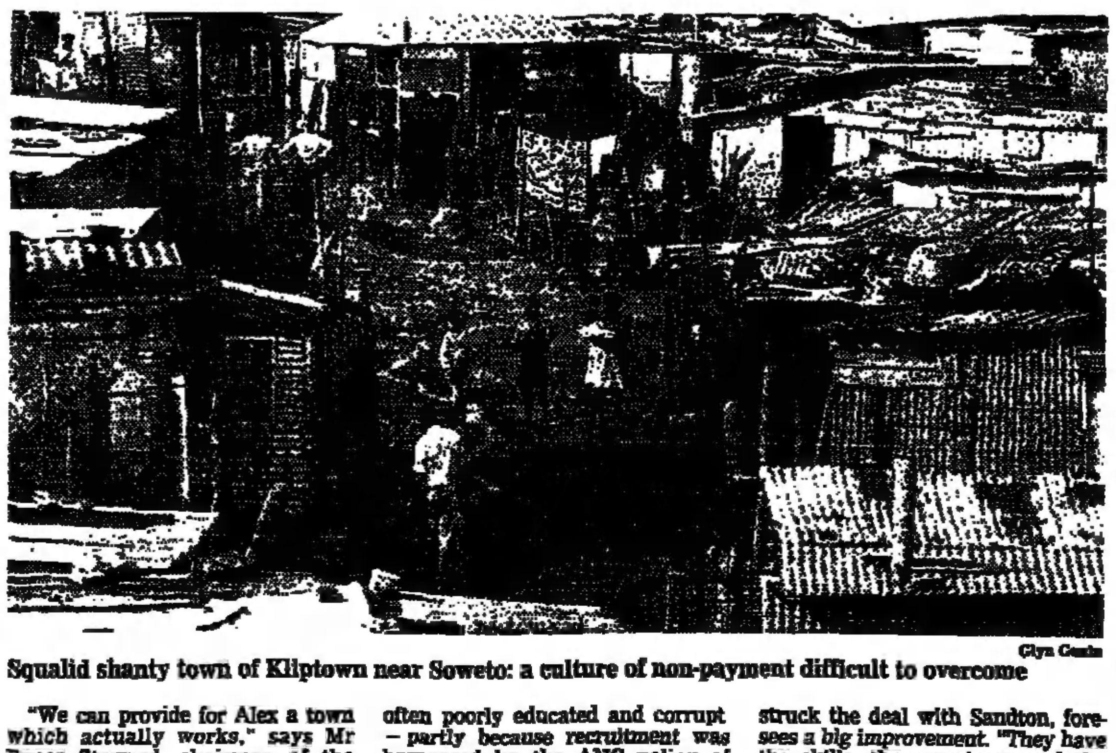
Somehow, local authorities must ensure the rapid transfer of resources from white to black; otherwise, local conflict could jeopardise talks on a national constitution.

Towards that end, racially segregated local councils in several of South Africa's cities are preparing to merge administrations and tax bases. The government has recently published a bill to allow councils to desegregate local government on an interim basis before a permanent system of non-racial local government is agreed at national negotiations, some years hence.

The black township of Alexandra, one of the most squalid anywhere in South Africa, lies just out of sight of the country's most luxurious white suburbs. In the late 1980s, Alexandra was used to test Pretoria's policy of "winning hearts and minds" through a policy of coercion and co-option in black townships. Some R120m (£24.7m) was earmarked to upgrade Alexandra's appalling roads and other facilities.

The policy did not work: partly because of Alexandra's tradition of well-organised political resistance, and the rapid growth of the squatter population; but also because much of the money was misspent by black local councillors viewed as collaborators by the anti-apartheid opposition.

Now "Alex", as it is locally known, has reached the most liberal local government deal anywhere in the country, with the neighbouring white councils of Sandton, Randburg and Modderfontein. There is to be a joint administration for the area – a geographical entity artificially carved up by apartheid – and most importantly, the white councils are to provide services such as water, electricity and refuse collection to the black township.



Glyn Genin

Squalid shanty town of Kliptown near Soweto: a culture of non-payment difficult to overcome

"We can provide for Alex a town which actually works," says Mr Bruce Steward, chairman of the Sandton Management Committee, which administers Sandton. "That will be a big boon." Black local councils in Alexandra and other townships were notoriously inept at service provision: councillors were often poorly educated and corrupt – partly because recruitment was hampered by the ANC policy of murdering local councillors – and distribution of electricity and other services suffered.

Mr Richard Mdakane of the Alexandra Civic Organisation, the anti-apartheid community group which struck the deal with Sandton, foresees a big improvement. "They have the skills, the experience and the money to upgrade Alex, ensure proper maintenance and generally better living conditions," he believes.

But when it comes to the transfer of tax revenues, Mr Steward immediately dispels any illusion that affluent Sandton will open its purse to its black neighbours. "The residents of Sandton will not pay three or four or ten times' more tax to finance the upgrading of Alex," he says, insisting that central government will have to provide the finance (Pretoria has said it will help local authorities which reach multi-racial agreements, but has not promised specific funds). Mr Steward argues that the "user pay" principle must be respected, in Alex as in Sandton, with rebates for the very poor.

For years, Alex has not observed this principle. Indeed, townships throughout South Africa have boycotted rent, electricity and service payments since the mid-1980s, leaving arrears of R1.15bn. The boycotts, organised by anti-apartheid groups, proved an important tool in forcing Pretoria to abandon apartheid; but they have created a culture of non-payment which is proving difficult to overcome.

In the months after the so-called Alex accord was agreed in February (it provided for arrears to be written off, black councillors to resign and set heavily subsidised new local charges of R48-R58 a month) only 16 per cent of Alex residents resumed payments. The current payment rate is around 18 per cent.

An outbreak of serious violence in March certainly impeded payments; but there are deeper problems. As Mr Nigel Mandy, a local government expert, puts it: "In the black community, people think you pay rent to give councillors some money to steal". New local authorities will earn legitimacy only over time; and civic associations may find it much more difficult to persuade residents to pay local taxes than to withhold them.

But community activists believe support will grow once township residents see concrete benefits. They cite the case of the Central Witwatersrand Metropolitan Chamber, a body set up to negotiate nonracial local government for the 4m-odd people who live in the Johannesburg area.

Initially, the umbrella body for local black civic associations, Cast, boycotted the chamber on the grounds that it was racially based; earlier this month, Cast withdrew its opposition – after the Chamber had negotiated the all-important transfer of electricity provision from the grossly incompetent Soweto black councils to Eskom, the national utility.

It is a long way from there to the ultimate goal of merging the tax bases of white and black Johannesburg councils, and installing a nonracial local government for the entire area. But the first steps have been taken, in cities and towns throughout South Africa: real power is being shared by black and white where it matters most, and the basis is being laid for democracy in the post-apartheid area.

What really constitutes financial strength in today's insurance marketplace?

An impeccable balance sheet. And profits.

If you're concerned about the financial strength of your insurance organization, here are some questions you should ask.

What's the clearest indicator of financial health?

A balance sheet of impeccable quality, conservatively managed. Look at AIG's financial statements. You'll find $10 billion in capital funds; $15 billion of general insurance loss reserves; and $1.4 billion in after-tax profits in 1990.

How important are the designations awarded by the rating agencies?

Very important. They provide an impartial, thoroughly researched measure of a company's financial strength. AIG holds the highest ratings awarded by the principal agencies. They are a prized asset, enabling us to capitalize on business opportunities not open to those without these credentials.

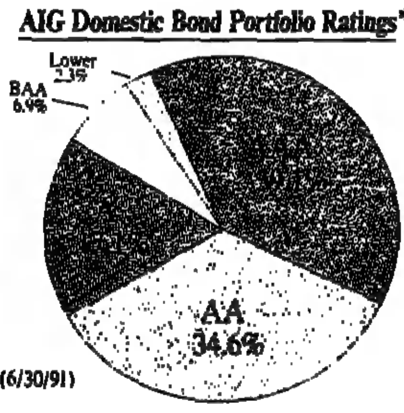
AIG Ratings:	
Standard & Poor's	AAA
Moody's	Aaa
A.M. Best Co.	A+*

*Domestic Property-Casualty Companies

Are there substantial differences in the way insurance organizations are managed?

Yes. Take investment and underwriting philosophies. In investing, AIG has an insignificant exposure to high-yield securities and commercial real estate, which have lately caused so many problems for other companies. The overall quality of our assets is excellent, with new cash flow invested primarily in investment-grade fixed-income securities.

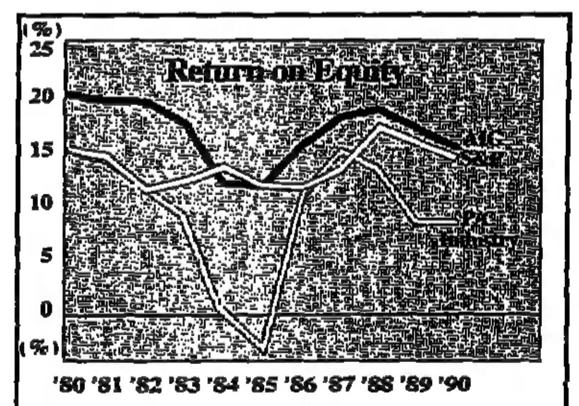
AIG Domestic Bond Portfolio Ratings*



* (6/30/91)

We also believe underwriting profits are fundamental to the long term stability and health of a company. Hence, we are committed to meeting the needs of the public for insurance products while maintaining strict underwriting discipline.

For years these beliefs have produced outstanding results. Including a return on equity that has consistently exceeded the industry average by a wide margin.



Industry and S&P 500 source: Conning and Co.

What other qualities should I look for?

A strong commitment to its basic business, a diversified business portfolio and global presence. AIG is the nation's largest underwriter of commercial and industrial coverages. We also have an international network second to none.

So if you're looking for financial strength, stability and commitment for the long term, consider the insurance organization that has demonstrated exactly those characteristics for decades.

If you would like a copy of our annual report, write to American International Group, Inc., Dept. A, 70 Pine Street, New York, NY 10270.

AIG World leaders in insurance and financial services.

AMERICAN NEWS

Insurers warn Ontario over public-sector plan

By **Bernard Simon** in Toronto

INSURANCE companies will claim compensation of up to C$3bn (£1bn) if the Ontario government goes ahead with its plan for a public-sector car insurance scheme, a report by the Canadian arm of consultants Coopers & Lybrand estimates.

The report is the latest salvo in a feverish lobbying effort by the insurance industry against the Ontario scheme, details of which are due to be announced within the next few months.

With about 60 per cent of Ontario's car insurance business handled by foreign companies, the proposed takeover is also snowballing into an international dispute. The US government has already expressed its concern to the Ontario authorities.

The Coopers & Lybrand report, which was commissioned by a Washington legal firm acting on behalf of State Farm Insurance of the US, estimates that C$1.3bn will be claimed by foreign insurers. The six biggest underwriters in Ontario include four foreign

Bob Rae

companies – Zurich Insurance, State Farm, and Britain's Royal Insurance and Pilot Insurance. Premiums total about C$4.1bn a year.

The compensation estimate is based on a multiple of 1.75 times the book value of the companies' car-insurance business in Ontario.

Ontario's left-leaning New Democratic party under its leader Mr Bob Rae made the public-sector insurance scheme a key plank of the election campaign which brought it to office last September. It would replace a "no-fault" scheme which was implemented just over a year ago by the previous Liberal government in an effort to contain litigation by accident victims and speed up payments.

The government contends that a public scheme would result in lower premiums. It has also raised the prospect of "one-stop shopping" which will allow drivers to get their insurance, vehicle registration and annual licence at the same time.

Mr Stan Griffin, vice-president of the Insurance Bureau of Canada, said yesterday that in recent discussions, the government had still indicated its preference for a full takeover, similar to that in British Columbia in 1975. But it was also considering a number of hybrid schemes which would give a limited role to private insurers.

Invasion of land-snatchers hits Brazil

The landless are taking matters into their own hands, writes **Victoria Griffith**

TWO weeks ago in the south of Brazil a group of 2,000 unemployed farm workers decided they had had enough. Without a job they had little means of eking out an existence in the countryside. They refused, however, to join the thousands who migrate every day from Brazil's rural areas to its overcrowded cities in search of work.

Under cover of dark they picked up their hoes and sickles and quietly invaded a nearby farm. The plantation's owner fled, and the workers stated they would not move until the government found them some land of their own.

Invasions like these have become almost weekly occurences in Brazil's conflict-ridden rural districts. The landless say they are furious with the government for dragging its feet on promised land reform; the government, for its part, has just refused to negotiate with anyone involved with the invasions.

During last year's presidential campaign, President Fernando Collor de Mello vowed to continue land reforms begun in the 1970s which allocated thousands of plots to landless peasants. The trouble, according to the government, is that it has run out of unproductive government land to give.

Mr Antonio Cabrera, minister of agriculture, says the government will soon start "the second phase of the programme, which calls for the appropriation of non-productive land from private owners".

Urban refugees: Poor children sleep near warm-air vents in downtown São Paulo

According to the minister, such drastic measures are necessary to stem the flood of Brazilians moving from the countryside to over-burdened cities. Over the last 20 years 30m Brazilians have left their rural homes to try to scrape out a living in urban centres.

São Paulo, where 200 families arrive every day, is the most popular destination. With a population pushing 17m, the city is starting to crack under the strain. Poverty, pollution and crime are threatening to run out of control and the city's mayor has warned there is no longer a place to dump rubbish.

Over the last few years Brasília, the capital, and some of the smaller cities in the state of São Paulo have also fallen victim to excessive migration. Shanty towns are beginning to spring up in the once-wealthy capital; areas that were little more than villages have become urban centres almost overnight.

Mr Miguel Reis Afonso, a lawyer who works on behalf of the homeless in São Paulo, says: "The rural workers find that when they get to the city, they can't find a job. They don't have the necessary skills for urban work, so they end up poverty-stricken, and eventually turn to crime to survive."

To some, the idea of appropriating private property to hand over to the poor seems too radical. The landless, however, say a correction of historical injustice is long overdue.

Mr Joao Pedro Stedile, a leading land rights activist, maintains: "Countries like the US had limits on land ownership during the time of colonisation. In Brazil, all the land belonged to the king until 1850.

"Many of those who own land now are descendants of those close to the royal family, or bandits who occupied the land illegally."

The 20 largest landowners in the country control 5 per cent of total private land holdings, according to Mr Stedile. Thousands of acres are held purely for speculation, with 46 companies controlling another 6 per cent of private land.

Mr Cabrera says the government found land for 103,000 peasant families last year and will place another 100,000 families this year.

Mr Stedile scoffs at such claims. "The Collor government has only given us land that we already occupied." He also denounces the government for its attempts to place landless peasants on plots in the Amazon jungle. "First of all, that land is not suitable for farming. Second, we believe it should be preserved as a national park."

Mr Cabrera hopes the government's refusal to negotiate with squatters will end the violence which has gripped Brazil's countryside.

If Mr Stedile and other activists have their way, though, there will be no such respite. "We will only succeed by force," he says. "As long as the government refuses to find a solution to the problem, we will continue the invasions."

Colombia offers further amnesty to guerrillas

COLOMBIA has offered a new amnesty to members of left-wing guerrilla groups who give up fighting, Reuter reports from Bogota.

A decree issued by the government said members of guerrilla groups who laid down their arms and returned to civilian life would receive a pardon for crimes committed before July 5 this year, when a new constitution had taken effect.

The pardon applies to rebellion, sedition, conspiracy and other crimes committed as a guerrilla but excludes atrocities or murders outside combat.

The government has granted amnesty to four guerrilla groups which have laid down their arms in the past 18 months.

In an apparent attempt to go over the heads of three guerrilla groups still fighting, the latest decree stated for the first time that individual guerrillas who gave up their arms could apply for amnesty irrespective of the stance of the group to which they belonged.

"The benefits of pardon or amnesty will also be granted to the person who asks for it, if in the view of the national government he shows his will to reincorporate into civilian life," the government decree stated.

A fresh wave of rebel attacks plunged peace talks begun in June between the government and the three remaining rebel groups into doubt this week.

Mr Humberto de la Calle, minister for the interior, said the government remained ready to attend a new round of peace talks with the rebels in Venezuela on August 26.

This was despite the killing of 14 police officers and soldiers and the bombing of five banks by guerrillas in the past four days.

Protesters delay Haiti censure vote

DEMONSTRATIONS and threats forced Haiti's parliament to adjourn hastily late on Tuesday before legislators could vote in a censure debate against the government of President Jean-Bertrand Aristide, Reuter reports from Port-au-Prince.

The fledgling parliament had called in Prime Minister René Preval, an Aristide appointee, for possible censure due to some members' opposition to the new government. If the motion were to be passed, it would mean the appointment of a new cabinet needing parliament's approval.

Mr Aristide, a popular left-leaning Roman Catholic priest, won presidential elections in December. He has alienated many in parliament by choosing intellectuals, Catholics and members of civic groups to form his cabinet.

Senate sets tough terms for IMF quota increase

CONGRESSIONAL approval for a US contribution to the planned 50 per cent quota increase for the International Monetary Fund is likely to be linked to tight conditions on the fund's relations with the Soviet Union, writes Peter Riddell, US Editor, in Washington.

Republican Senator Connie Mack from Florida has secured Senate approval for an amendment laying down tight restrictions on US support for Soviet membership of the IMF. This would rule out US support for any future quota increase for the organisation, likely to be proposed by the middle of the decade, if the Soviet Union becomes a full member without undertaking a number of specified economic and political reforms.

While the current quota increase cannot go through without US support, Soviet membership of the fund can be approved on a simple majority vote.

The Mack amendment complicates the US Treasury's difficult task in securing congressional approval for the quota increase.

This has not been helped by recent controversy over the large pay increase for Mr Michel Camdessus, IMF managing director, or by the Soviet Union's unexpected, and unexplained, decision to apply for full membership of the fund rather than accept the preliminary stage of special associate status offered by the Group of Seven industrial countries.

The Mack amendment, incorporated without opposition into the foreign aid authorisation bill, is expected to be included next month in the appropriations legislation providing for the quota increase.

The House has not yet provided any money for the IMF.

The amendment demands that Soviet economic reform must include the right to private property ownership, adherence to trade laws, protection of intellectual property rights, and dismantling of central planning and price controls.

The Soviet Union would also have to reduce significantly its defence spending and end economic subsidies, military aid and nuclear power technology transfers to Cuba, North Korea and Vietnam, while ending the transfer of missiles to "terrorist" nations such as Syria, Libya and Iraq.

On the domestic political side, the Soviet Union would have to undertake free and fair multi-party elections for the national leadership, together with good-faith negotiations with the Baltics and republics that choose independence.

Senator Mack said the Soviet Union "should receive a simple message from the US; not one dime from the IMF until serious economic and democratic reforms take place; not one dime until subsidies to Cuba are stopped, and not one dime until Baltic independence is met with talks, not tanks."

PUBLIC NOTICES

SELF PROVIDED AND SATELLITE SYSTEMS: NOTIFICATION PUBLISHED BY THE SECRETARY OF STATE UNDER SECTION 7(7) OF THE TELECOMMUNICATIONS ACT 1984

On 2 August 1991 the Secretary of State for Trade and Industry granted two licences under section 7 of the Telecommunications Act 1984, entitled "Class Licence for the Running of Self Provided Systems" and "Class Licence to Run Telecommunication Systems for the Provision of Satellite Telecommunication Services". This notice is published in accordance with section 7(7) of the Telecommunications Act to bring these licences to the attention of organisations which may wish to take advantage of them.

The Self Provided Systems Class Licence authorises the self provision of telecommunication systems of every description, subject to two main restrictions: all traffic must be initially sent and/or ultimately received by the Licensee, and the Licensee may not receive any remuneration in respect of telecommunication services provided over the shelf provided systems. The Satellite Services Class Licence authorises the provision of a wide range of one and two-way satellite links *subject in particular to restrictions on connection to the public switched network.*

Further information and copies of these licences are available from the Office of Telecommunications (OFTEL), Export House, 50 Ludgate Hill, London EC4M 7JJ tel: 071-822 1600, price £4 for the Self Provided Systems Class Licence and £3 for the Satellite Services Class Licence, inc p&p. Cheques should be made payable to the Office of Telecommunications and should accompany orders.

COMPANY NOTICES

Continental (Bermuda) Limited
US$ 250,000,000
Floating Rate Notes due 2006
Guaranteed by
Hungarian Foreign Trade Bank Ltd

Notice is hereby given that as at the valuation date 13th August, 1991, the value of the zero-coupon obligations (or certificates representing interests in obligations) of the United States of America was US$74,500,600 and the value of the company's reserve fund was US$55,996,038.21. The aggregate value of the Noteholders security was thus 52.20 per cent of the principal amount of the Notes outstanding at the valuation date.

The determination and publication of these figures is solely for the convenience and information of the Noteholders and shall not be binding for any purpose on the Trustee or the Reserve Fund Manager or the Reserve Fund Reporting Agent nor shall it be taken as recommendation on the part of the Company, the Valuation Agent, the Guarantor, the Trustee, the Reserve Fund Manager or the Reserve Fund Reporting Agent to buy, sell or hold investments similar to the zero-coupon obligations of the United States of America or the Reserve Fund Investments.

Valuation Agent
Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft

CLUBS

LEGAL NOTICES

G.K.D. LIMITED

Principal place of business:
LANRICK HOUSE, LANRICK ROAD, LONDON E14

NOTICE IS HEREBY GIVEN, pursuant to section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at: Shelley House, 3 Noble Street, London EC2V 7DQ, on 22 August 1991 at 10.30 am for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors by or under the Act.

Creditors whose claims are wholly secured are not entitled to attend or be represented at at the meeting. Other creditors are only entitled to vote if:

(a) they have delivered to us at the address shown below, no later than noon on 21 August 1991, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

(b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf.

Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.

Signed.............
Date:.............
C J Hughes & M PaliosJoint Administrative Receivers

Cork GullyShelley House3 Noble StreetLondon
EC2V 7DQ

WALLACE INTERNATIONAL LIMITED

Registered number: 1701662
Nature of business: Design and Marketing of Continuity Sales promotional programmes and promotional Games.
Trade classification: Other retail
Date of appointment of joint administrative receivers: 2nd August 1991
Name of person appointing the joint administrative receivers: Barclays Bank PLC
C J Barlow and C J Hughes
Joint Administrative Receivers
(Office holder nos 552 and 2041)
Cork Gully,
Shelley House,
3 Noble Street,
London EC2V 7DQ

No. 007481 of 1991

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
NEW FARM ESTATES PLC

AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 22nd July 1991 confirming the reduction of the Share Premium Account of the above-named Company by the sum of £265,074 was registered by the Registrar of Companies on 29th July 1991.

Dated this 15 day of August 1991.

Berwin Leighton
Adelaide House
London Bridge
London EC4R 9HA

ref: IL
Solicitors for the above-named Company

ADVERA MILTON LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at:- Shelley House, 3 Noble Street, London EC2V 7DQ on 5 September 1991 at 10.30 am for the purpose of having laid before it a copy of the report prepared by the Administrative Receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are only entitled to vote if:-

a) they have delivered to us at the address shown below, no later than noon on 4 September 1991, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf.

Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned, photocopies (including faxed copies) are not acceptable.

Signed:............... Date: 9 August 1991

C J HUGHES & C J BARLOWJoint Administrative Receivers

Cork GullyShelley House
3 Noble StreetLondon EC2V 7DQ

JP MILTON (MANUFACTURERS) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at: Shelly House, 3 Noble, London EC2V 7DQ on 5 September 1991 at 10:15 am for the purpose of having laid before it a copy of the report prepared by the Administrative Receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to excerise the functiond conferred on creditors' committee by or under the Act.

Creditors are only entitled to vote

a) they have delivered to us at the address shown below, no later than noon on 4 September 1991, written details of the debts they claim to to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986: and

b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf.

Please note that the original proxy, signed by on behalf of the creditor must be lodged at the address mentioned, photocopies (including faxed copies) are not acceptable.

Date: 9 August 1991

CJ HUGHES & CJ BARLOW
Joint Administrative Receivers

Cork Gully
Shelley House
3 Noble Street
London EC2V 7DQ.

Note: Creditors may obtain a copy of the report, free of charge, on application to the Administrative receivers at the address shown above.

PERSONAL

WOOL TEXTILES

Exports fall by 25% in troubled UK sector

By Alice Rawsthorn

BRITAIN'S troubled wool textile industry suffered a sharp fall in exports of 25 per cent to £252m in the first half of this year according to the latest figures from the National Wool Textile Export Confederation (NWTEC).

The fall in exports is one of the main contributors to the radical cost cutting that has swept across the UK wool textile industry in the last year or so.

The industry, which is also depressed by the downturn in the domestic market, has lost 4,500 jobs – nearly one in five of its workforce – over the past 18 months.

During the 1980s the wool textile companies, which are still concentrated in the traditional wool towns of Yorkshire and the Scottish Borders, emerged as one of the most successful export sectors in UK manufacturing.

The industry companies now depend on exports for roughly half of its revenue. Some companies, notably the weavers of fine worsted cloth in the Yorkshire town of Huddersfield, are even more heavily dependent on the overseas trade.

One of the main reasons for the fall in exports was the impact of the Gulf War on sales to the Middle East, which has traditionally been an important market, particularly for the Yorkshire weavers.

Mr Geoffrey Richardson, director general of the NWTEC in Bradford, said sales to the Middle East had "collapsed" during the war.

The Middle Eastern countries generally buy cloth worth between £20m and £30m for the UK wool textile companies each year.

The industry was also affected by a decline in the Japanese market in the first half. Japan emerged as a important source of export sales in the 1980s particularly for luxury wool cloth which was sold as corporate gifts.

Other overseas markets, notably the US and continental Europe, were also depressed by the uncertainty caused by the war and the general slowdown in economic activity.

Mr Richardson said almost every company in the industry had been affected to some extent by the fall in exports.

The wool textile sector suffered severely in the last economic recession in the early 1980s.

The surviving British companies have since invested heavily in increasing their overseas sales.

The export market has recovered since the end of the Gulf war, according to the NWTEC, but is still unstable. The level of exports rose in April and May, but plateaued in June.

Mr Richardson described the outlook for the future as "uncertain". He said the industry was divided between the optimists "who expect to see an upturn in the autumn" and the pessimists "who reckon we will have to wait for another 12 months".

Central wins TV franchise with £2,000 bid

By Raymond Snoddy

CENTRAL Independent Television, the UK's second largest commercial television company, which broadcasts to 9m homes, has won back its franchise with an annual bid of £2,000.

The bid, in 1993 prices, amounts to just over £5 a day – about a pound less than the cost of a three course lunch with a glass of wine in the smart staff restaurant at the television company's Birmingham headquarters.

The £5 a day compares with £52,553 a day in pre-tax profits made by the company even in last year's recessionary times.

Mr Leslie Hill, Central chairman and chief executive, gets £345 a day as the first instalment of the special bonus scheme for Central executives depending on "the achievement of specific stages towards success in the (franchise) bid".

Few shareholders will begrudge Mr Hill his bonus as the bid process has called for iron nerves. He judged correctly that when the bidding closed on May 15, Central would be unopposed.

The smaller TVS, the ITV company for the south of England, which knew it faced stiff competition, bid £54.1m a year for its franchise at current prices.

Last month it emerged that Central had bid less than £1m for its franchise and the company's share price rose rapidly – by more than 26 per cent to reach 825p at one stage. Last night they finished 20p up on the day at 815p.

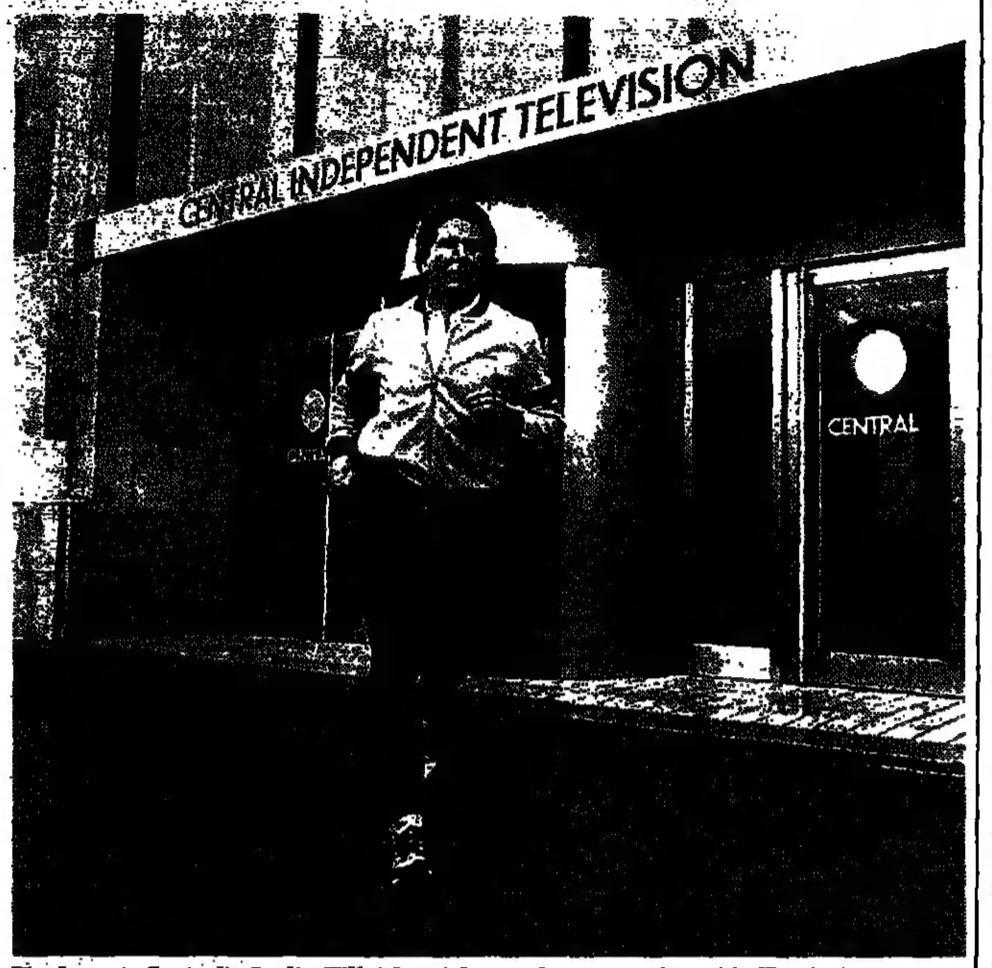
The secret bids were submitted to the Independent Television Commission earlier this year and a decision has been promised on the winners of the 16 licences before the end of October.

Under the ITC procedure all applicants have to pass a quality threshold before the size of the bids are considered.

But Mr Hill had in fact bid just £2,000 – double the minimum permissible amount. The sum will rise in line with retail prices during the 10-year franchise which runs from 1993. In addition to the bid price, Central also has to pay the government a levy of 11 per cent of its annual advertising revenue.

While Mr Hill has a near permanent smile on his face these days, a new stockbroker's report says that the majority of the ITV companies which have placed much higher bids need not despair.

Mr Barrie Newton, an experienced television analyst with Bristol-based brokers Rowan Dartington, said yesterday that, with the possible exception of TVS, virtually all the Channel 3 bids appeared to be well-founded commercially.



Head start: Central's Leslie Hill (above) has stolen a march on his TV rivals

"Licences will prove highly profitable," said Mr Newton, although the first year or two may see restricted dividends "in certain cases". However, there could be periods of particularly high returns, especially after 1995.

His assessment is based on the assumption that advertising revenues could bounce back quickly after the recession and that there is further scope for cost-cutting in commercial television.

In the past three years, the number of staff jobs in the 16 ITV companies has dropped by a quarter to around 12,000.

Mr Newton, who has seen some of the confidential business plans submitted with bids to the Independent Television Commission, believes there could be further job cuts of up to 25 per cent across the commercial television system.

Peugeot Talbot were 'offered subsidies to keep factory open'

By Ian Hamilton Fazey

PEUGEOT TALBOT, the UK subsidiary of Peugeot, the French car maker, was offered substantial subsidies by the government in 1981 to keep its Glasgow factory open, according to Sir George Turnbull, who was managing director of the company at the time.

Sir George , who was knighted last year, says there was a split in the government over the payment, possibly as much as £100m, but cabinet ministers led by Sir George Younger, then Scottish secretary, won. However, the company refused the offer and shut the plant down. Nearly 5,000 jobs were lost, which damaged the the government badly in Scotland.

Sir George, now chairman of Inchcape, the services and marketing group, says his decision was supported by Mr Norman Tebbit, who was then industry minister in Mrs Margaret Thatcher's first government.

Sir George makes his claim in a television programme to be broadcast in the UK tonight. The programme traces the recovery of the car-making business in the UK after Chrysler, the US car manufacturer, sold it to Peugeot for only $1 to rid itself of a loss-making, strike-hit drain on its resources.

The Glasgow factory at Linwood, opened in 1963, had become the company's biggest plant, but was plagued by poor industrial relations. Between 1980 and 1985, Sir George cut the group's payroll from more than 20,000 to under 6,000 and rationalised car production back to Coventry, in the British midlands, where the company made a profit of £106m in 1990-91, despite the onset of recession.

"George Younger insisted that I went to the Cabinet office and have a long discussion," says Sir George. "I won't say how much but he did suggest that maybe the government might offer £100m to keep the place open.

"I said, 'It's not enough.' Norman Tebbit was there and I could see him nodding in the background because he knew, and I knew, that it had to be closed."

The offer surprised Sir George, who had been given a free hand to run Peugeot's UK factories, because it came from a Conservative government. Mr Younger also tried to persuade Mr Jean-Paul Parayre, president of the parent group, but he considered the arguments for only two days before giving Sir George the go-ahead to shut Linwood down.

● Ian Hamilton Fazey, the FT's northern correspondent, is a director of Data TV, an independent production company which made tonight's programme.

Taxation overhaul will simplify system

By David Waller

DRAFT plans for a complete overhaul of the way in which the UK's 3.5m self-employed people are taxed were published yesterday.

The plans are designed to make it easier for taxpayers to understand the tax system, to make the system simpler and more efficient for both taxpayers and the Inland Revenue, and to make it possible for the Revenue to accept the taxpayer's own assessment of his or her tax liability.

The reforms should also enable taxpayers to pay the right amount of tax at the right time without the intervention of the Inland Revenue. The Revenue said that the plans should lead to further reforms to simplify, unify and improve the system of personal taxation.

At the core of the proposals are plans to replace the current system whereby self-employed tax-payers normally pay tax in one year on the basis of profits earned in the previous year.

This, according to the Revenue, is the cause of enormous complexity and tends to ensure that taxpayers do not understand the tax system.

"This results in a large column of letters, notices and demands between self-employed tax-payers and the Inland Revenue," the Revenue said, thereby creating "opportunities for mistakes and opportunities".

Mr Norman Lamont, chancellor of the exchequer, said yesterday in a foreword to the Revenue's consultative paper that the current tax system for the self-employed was archaic and complicated and needed to be reformed, for the good of taxpayer and tax collector alike.

The changes are likely to be introduced in 1995-96 at the earliest.

BRITAIN IN BRIEF

Orders likely to fall in every region

Manufacturers in nearly all regions of Britain expect orders to fall over the next four months, in a finding that adds to the uncertainties about the pace and timing of the expected economic upturn.

According to a survey published by the Confederation of British Industry (CBI) and Business Strategies, a consultancy, only the north of England and Northern Ireland expect to see a rise in orders between now and November, while all the other nine regions predict a decline.

The CBI, however, said the survey pointed to "only a small further decline" in factory orders and output over the next few months, after the large decreases in factory production around the end of last year.

Splashdown: Bathing from most British beaches received a clean bill of health in a report by the National Rivers Authority which revealed that 78 per cent of the UK's bathing waters comply with EC standard. The regulatory body announced that 318 of the bathing waters out of 407 met the pollution standards.

The report, however, was contradicted by a Consumers' Association survey claiming that viruses that could cause illness are contaminating some of the UK's most popular beaches.

Names may sue Lloyd's agency

About 50 Lloyd's Names including some prominent figures from the British tennis world are expected in the next few weeks to lodge a suit alleging negligence by Lime Street Underwriting Agency, an agency which placed them on a number of loss-making syndicates.

Among the Names – the wealthy individuals whose capital backs underwriting at Lloyd's – are former tennis stars, Mr Buster Mottram and his father, Mr Tony Mottram.

Also taking action are 40 Canadian Names, among whom are a number of dentists from Hamilton, Ontario.

Although members' agents have been named in other legal actions by Lloyd's Names this is the first time a members' agency has been specifically targetted. Lime Street handles the affairs of 442 Names.

Inquiry into Tube fire

London Underground has launched a detailed inquiry into a fire on the Central Line on Tuesday evening which trapped up to 2,000 passengers for more than two hours.

Investigators will examine co-ordination with the emergency services and the cause of the fire, which started in a storage container near Bank station and spread to electric cables.

Powergen plans rail terminal

PowerGen, the electricity generator, plans to build an multi-million pound international rail terminal on the site of its disused Hams Hall power station, the company announced.

The plan was formulated after British Rail, the state rail network, said in February it had identified the 880 acre Hams Hall site, which is near Coleshill in Warwickshire, central England, as a probable location for one of the nine Channel tunnel rail terminals it plans to build around the country.

Gap widens on jobless figures

The gap between registered unemployment and figures based on international definitions of unemployment has grown significantly in the last four years, according to an analysis published by the Trades Union Congress (TUC).

In 1987 the difference between the registered unemployed and those defined as jobless in the government's Labour Force Survey was 80,000. But by 1990 it had grown to 360,000, the TUC said.

Registered unemployment figures have long been criticised by the TUC and other because of changes in definition and the application of tougher tests for the unemployed to claim benefit.

Party plans energy tax

The centrist Liberal Democrats have backed the introduction of an "energy tax", varied according to carbon dioxide emissions, as part of a shift in the tax burden away from income and towards resource use.

Mr Simon Hughes, the party's environment spokesman, said Liberal Democrats were the first mainstream UK party to formally propose a energy tax. Figures on the cost of their proposals would not be published until the general election but the party's aim was fiscal neutrality.

Guidelines for railway hours

British Rail is to introduce guidelines on maximum working hours from October 1 amid accusations from rail union leaders that they could endanger safety.

The guidelines result from a monitoring of hours by BR following the Hidden Report into the 1988 Clapham rail disaster in south London which criticised excessive overtime among maintenance workers.

They lay down that none of BR's 130,000 staff should work more than 72 hours a week.

Post Office targets attacked

The Post Office Users' National Council (Pounc), the industry's official watchdog, has accused the government of imposing unrealistic financial targets on the Post Office.

It called on ministers to defer the proposed price increase due next month and urged the Department of Trade and Industry to relax its financial targets for the Post Office.

Mr Tom Corrigan, Pounc chairman, said the proposed increases would bring the total rise in the cost of first and second class stamps to 20 per cent since 1989 – some four percentage points over inflation in real terms.

Record number of A-levels

A record number of pupils in England and Wales have gained A-level secondary school examinations this year but the number sitting exams in mathematics, science, economics and computing declined.

At 695,991, the number of A-level entries was 1.7 per cent up on last year. The proportion of candidates securing grades A to E (77.8) was slightly up on last year.

The largest increases in the pass rate were found in art and design subjects (up 5.4 per cent) and in business studies (up 4.4 per cent). Modern languages were particularly popular: entries in French were up by 13 per cent, and in German by 12 per cent.

Report released on boat tragedy

The official report into the Marchioness pleasure boat disaster is to be published tomorrow - despite protests from the relatives of victims.

They are angry that publication is going ahead even though a private prosecution is about to start against the owners of the dredger Bowbelle which collided with the Marchioness. Families of the 51 victims believe the report will not go far enough.

BCCI SHUTDOWN

Bank that was enmeshed in the fabric of a nation

Christina Lamb in Islamabad on how BCCI made high level and intimate connections in Pakistan

MENTION the letters BCCI in Pakistan and shutters come down. Since its founding by a Pakistani 19 years ago the bank has become part of the Pakistani establishment, acting as banker in the highest circles and several times lending money so that the government could overcome balance of payments problems.

In Islamabad's ministry blocks long faces identify senior civil servants whose kickbacks were deposited with BCCI abroad, whose sons had jobs or scholarships from the bank and who hoped to retire on a BCCI retainer.

Pakistan's president runs the BCCI Foundation which functioned partly as a tax shelter, the prime minister's family and many ministers had loans with the bank, military officers had their sons employed with it, while the government has on several occasions been saved from a foreign exchange crisis by BCCI.

Given these intimate connections it is not surprisingly that Pakistan has been reluctant to take a close look at the operations of BCCI and has vigorously defended the bank and its founder Agha Hasan Abedi.

"BCCI is the dark side of the Pakistan establishment with Abedi the spider at the centre of the web" claims Mr Salman Taseer, an accountant and opposition politician.

The story of how BCCI became so enmeshed in the fabric of Pakistan society provides a vivid illustration of the methods developed by Mr Abedi and later employed the world over to produce the phenomenal growth of his bank and its ultimate downfall with at least $5bn (£2.9bn) unaccounted for.

Its method was simple. A former director of BCCI and United Bank Ltd (UBL) where Mr Abedi began, explains; "Everyone has one weakness whether it be pretty women and dancing girls, money, jobs for constituents, a monument to their name – the problem is only to identify it. "

"BCCI is the dark side of the Pakistan establishment with Abedi the spider at the centre of the web," claims Mr Salman Taseer, a opposition politician

Once that weakness had been identified in a targeted official BCCI would oblige, often through its now notorious protocol department, knowing that even if the recipient had nothing to offer BCCI at the time in future it may be useful to call in the favour.

This system is so much a part of Pakistan's life that it even has a name – sifarish – and is often blamed as a legacy of the centralised British colonial system. It can be witnessed by the crowds of people forever present outside homes of politicians or offices of bank managers hoping to gain favour to obtain jobs, licenses or loans.

Corruption flourished in General Zia's Pakistan when after seizing power in a coup in 1977 he needed to pay off politicians and generals to stay on top. It was of assistance to Mr Abedi that he and Zia became close friends and that in 1978 Zia's son Ijaz joined Bank of America, then a shareholder of BCC. BCCI helped provide funds for pay-offs and the creation of the MQM, an ethnic party in Sindh, aimed at destroying the hold of Zia's opponents in Benazir Bhutto's Peoples Party.

At the time Mr Abedi's best client Mustafa Gokal received a ministerial job.

Prior to General Zia Mr Abedi's relations with Pakistan's establishment had been less smooth. In 1972 when UBL was nationalised his name was placed on an exit control list by the then prime minister Z.A. Bhutto. Mr Abedi worked hard to regain his passport, later rewarding some of those who had lobbied for him with retainers when they were in exile. He won Mr Bhutto over by persuading his Abu Dhabi sponsor Sheikh Zayed to set up a foundation in Pakistan including a hospital in Lahore and two newspapers in Bhutto's home province of Sindh.

The naming of Mr Ghulam Ishaq Khan (now president) as head of the BCCI Foundation when it was set up in 1981 was thought to be repayment for Ishaq's refusal as Governor of State Bank in 1971 to allow a faction of the Saigol family which owned UBL to replace Mr Abedi, then its president. The project which has benefited most from the BCCI Foundation is the Ghulam Ishaq Khan Institute.

Mr Abedi established a network of people in Pakistan who owed him a favour and are now his staunch defenders including senior military officials

Mr Abedi has used the Foundation to give a humanitarian cloak to his dealings. Stories abound in Pakistan of the numerous people it has sent for operations or Haj pilgrimages but in reality only a fraction of proceeds have gone to charitable projects.

Mr Akhtar Hameed, who heads the best known of these – the Orangi project to improve conditions in Karachi slums – believes Mr Abedi's main aim was self-promotion and says "he wanted to capture people in his zoo".

Over the years through the "BCCI Method" Mr Abedi established a network of people in Pakistan who owed him a favour and are now staunch defenders including senior military officials who credit BCCI for enabling the import of components for the country's nuclear programme.

Most virulent in decrying the BCCI closure as a "Western conspiracy against a Muslim Bank" are those with accounts at BCCI branches abroad - until this February completely illegal.

In a country where whole sectors of the economy do not officially exist and the black economy is as large as the white people cannot understand the outcry at BCCI's system of unregistered deposits.

Pakistan's most flourishing system for moving money is hundi, an underground banking network run from small shacks in Peshawar and Karachi in which, like BCCI, no questions are asked.

Nor is there any surprise that many of BCCI's loans were for nonexistent projects or schemes whose chief merit were their political connections. In 1988 one billion pounds in loans were declared non-performing by Pakistan's nationalised banks and financial institutions.

WORLD ROUND-UP

Egyptian affiliate transferred deposits to other branches

CAIRO: The Central Bank of Egypt has revealed that BCCI's Egyptian affiliate, Bank of Credit and Commerce Egypt (BCCE), transferred more than two-thirds of its deposits - some $376m - to BCCI branches in London and Luxembourg before its operation came under government provision earlier this month.

Central bank sources, however, would not confirm Egyptian press reports asserting that six other Egyptian banks had deposited $600m with BCCI overseas, bringing the country's total exposure to nearly $1bn. During the 1980s, Egypt's Faisal Islamic Bank is believed to have lost over $360m to failed BCCI-managed banking operations in the Cayman Islands.

On Sunday, President Mubarak met with financial advisers to discuss a new law to regulated banking. Mr Mubarak said his government would not permit the collapse of any bank in Egypt, and called for other banks to join with the central bank in supporting the BCCE.

With 80,000 customers and deposits of $540m, BCCE was the ninth largest bank in Egypt. It also serviced a reported 65 per cent of the country's credit-card market. BCCI has a 49 per cent share in the bank, with the remainder held by Egyptian interests.

Following a $50m run on the bank in July, withdrawals were limited to $1,000 a week per depositor.

Legal challenge dismissed

LUXEMBOURG: A Luxembourg court dismissed on technical grounds a legal challenge by Bank of Credit and Commerce International against the decision earlier this month to put the bank's Luxembourg operations under administration, court sources said.

The decision means that BCCI Luxembourg operations will remain under a three-man administration appointed on August 1.

MANAGEMENT: Marketing and Advertising

Smoke gets in the EC's eyes

Philip Rawstorne explores the effectiveness of a proposed all-out ban on tobacco advertising

The European Commission's plan to ban all tobacco advertising, except at the point of sale, has generated much heat and little light.

But as the proposals are now mulled over by four committees of the European Parliament – covering health, consumer protection, economic, legal, youth culture, sport and media affairs – one conclusion emerges.

The effects of an advertising ban on the commercial operations of the tobacco industry can be predicted with much greater certainty than its effects on smokers' habits.

More evidence is needed to support the basic premise on which the proposed ban is based – that advertising encourages people to begin smoking and increases total cigarette consumption.

The evidence against is not conclusive; but so far it has been more persuasive.

Brand advertising of the kind used by multinational tobacco companies has clearly not affected overall demand in other mature markets.

Michael Waterson, research consultant to the UK Advertising Association, says: "Between 1978 and 1987, brand advertising for beer rose in real terms by over 80 per cent. In that period beer consumption fell by 14 per cent.

"In the UK spirits market during the same period, advertising spending rose by over 70 per cent, yet sales fell by 4 per cent. By contrast, in the wine market, adspend per litre fell by 26 per cent, yet sales soared by 65 per cent."

Normal brand advertising neither attempts to stimulate sales of the product type as a whole; nor does it target people who are not in the market for the product, Waterson says.

Far from providing a constant stimulant to greater overall consumption, it frequently fails in its objective of defending or increasing market share.

The tobacco companies have cited the rise in cigarette consumption in a number of countries where advertising bans have been introduced as further evidence of their failure to curb the habit.

Cigarette sales in Norway are now 58 per cent higher than they were in 1975 when advertising was banned. In the Soviet Union and eastern Europe, where tobacco advertising has been virtually non-existent, cigarette consumption rose 17 per cent between 1975 and 1989.

Demographic, economic and other factors may have played a part in the rise in consumption in such countries, or in the decline in less tightly-restricted markets such as the UK and the Netherlands. But that would only confirm that the reasons why people start to smoke, and continue to do so, are more complex than exposure to advertising.

"As in many other areas, it seems the influence of advertising on behaviour has been vastly overestimated," Klaus Grunert, professor of marketing at the Aarhus School of Business, Denmark, concluded in a review of research on the issue last year by the International Journal of Advertising.

Despite these doubts about the relationship between advertising and cigarette consumption, the tobacco industry recognises that selling cigarettes in Europe is not going to get any easier.

"We are not opposed to regulation," says Paul Maglione, European director of communications for Philip Morris. "But we believe that effective voluntary systems of control are operating in Denmark, Germany, the Netherlands and UK."

The first to benefit from a complete advertising ban in the EC, Maglione says, would be the state-owned tobacco monopolies of France, Italy, Spain and Portugal. It is no coincidence, the tobacco multinationals believe, that the governments of these four countries are leading the moves for a clampdown.

"Total bans currently exist, for protectionist reasons, in those countries with state monopolies," says John Lepere, chairman of the Confederation of European Community Cigarette Manufacturers (CECCM).

"A ban on advertising would remove the principal means of competition between manufacturers."

The first effect would be to freeze market shares. But only a total ban, effectively implemented, would be likely to freeze market shares for any length of time.

Tobacco companies have been adept at switching marketing tactics. After the advertising ban was introduced in Italy, Philip Morris found other means of promoting the Marlboro brand – including the use of the brand name for leisure-wear. Sales of Marlboro clothing in Italy amounted to L14bn (£6.4m) in 1989, according to Euromonitor, the market research agency.

Helped by such means, Marlboro cigarettes have been gradually eroding Monopolio di Stato's grip on the market. Marlboro is now the second largest brand and Philip Morris products in total have a 40 per cent share.

Other cigarette manufacturers have employed the same tactics. "Sales of clothing, alcohol, motorbikes and holidays using prominent cigarette brand names are estimated to have been worth around L50bn (£22.9m) last year," says Euromonitor.

The EC plan to stop such use of cigarette brand names is one that is most strongly opposed by the industry. "It is an accepted commercial practice to use intellectual property assets established in one area of activity as a basis for entry into a new area," says Lepere. "There can be no justification in a free market economy to deny these legitimate and widespread commercial practices to tobacco manufacturers."

It is difficult to see how the EC legislators could separate Dunhill and Cartier luxury goods from Dunhill and Cartier cigarettes; or police the televising in Europe of a sponsored Grand Prix race in Brazil.

But if cigarette manufacturers were to be denied such marketing methods along with other forms of advertising, it would become progressively difficult not only to maintain brand loyalty but to launch new products. The tobacco industry argues that it would be prevented from informing consumers about the availability of new low-tar brands, for instance. Line extensions such as Imperial's recent launch of low-tar JPS Lights in the UK would be far more difficult.

Tactical flexibility: advertiser adopts the casual approach, but the warning is unchanged

The influence of advertising on new product development, it claims, is illustrated by the contrast between west and east Germany before unification. The average tar yield of cigarettes in the west (with advertising) was 13 mg; in the east (without adverts), it was 24 mg.

Packaging and presentation at the point of sale would be the only means of differentiating brands under the EC proposals. Variety of packaging design might help to refresh brand images; but in the US and elsewhere moves have already begun to curb attempts to attract smokers in this way.

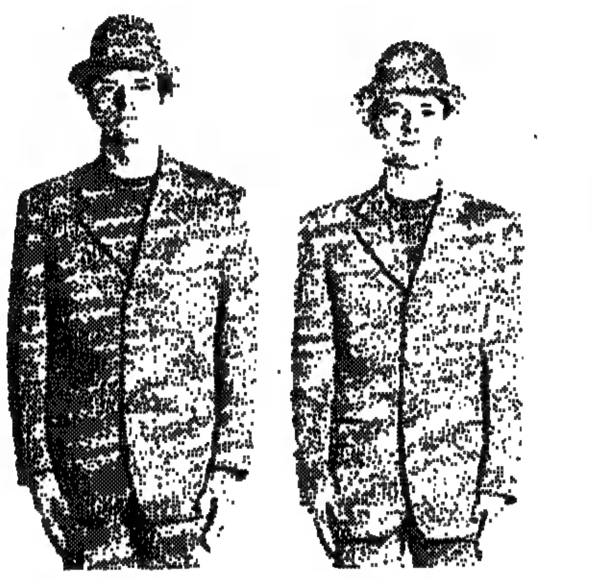
Direct marketing would allow tobacco companies to communicate directly, and unostentatiously, with its audience of smokers. According to some marketers, it would be just as effective in maintaining brand loyalties as media advertising – and at a fraction of the cost. There is some speculation that UK tobacco companies are building consumer databases for a move in this direction.

If the EC blocked this marketing path along with all the others, the industry says that the only way to compete would be by price.

The prospect of a discount war, in which the consumer is offered cheaper and cheaper cigarettes, can be no more appealing to the anti-smoking movement than to the tobacco companies.

This concludes the series of articles on the impact of EC directives on the advertising industry. Previous articles appeared on June 20, 27 and August 1.

Why Marlboro has warmed to the colour red



Colour coding: the new men from Marlboro

You are strolling down a German high street minding your own business when two men dressed from head to foot in bright red suddenly appear. They wear red shoes, suits, and bowler hats and move and speak slowly, if at all. No, they are not lunatics or exhibitionists. They simply work for Marlboro, the big US cigarette company.

This summer, seven German cities are being subjected to a promotion using red, the colour on the lids of the cigarette's distinctive flip-top packets. Philip Morris GmbH, the Munich-based German operation of the US group which owns Marlboro, seems to have been somewhat surprised, however, by some of the implications drawn from the programme, which is confined to Germany.

The company bristles at suggestions that this can in any way be regarded as a replacement, actual or planned, for its traditional advertising campaigns in the face of EC proposals to ban most cigarette advertising. In Germany, the cowboy advertising campaign is still permitted – unlike in the UK, where it has fallen victim to a voluntary code, Italy, and Portugal – and is unaffected by the latest promotion. The adventure campaign, featuring bone-jarring jeep and motorcycle rides through rugged, breathtaking American landscapes, is also popular on German cinema screens.

The "Marlboro is Red" scheme was dreamed up by TBWA/Holmes Knight Ritchie, a London agency. The makers of Marlboro, by far the most popular cigarette in west Germany, have also taken the promotion into the discotheques where special performances are organised and guests who happen to be wearing an item of red clothing are taken for rides round the town in American stretched limousines, complete with drinks and videos.

The promotional campaign is concentrated on west Germany, although the Berlin disco night happened to be in the city's east where the fashionable Tresor (vault) establishment is located in an old bank building near what used to be the border. The other cities receiving the attention of Marlboro's 40 red men are Munich, Frankfurt, Düsseldorf, Cologne, Hamburg, and Stuttgart.

"You have to think of something special to get people's attention these days," says Udo Wolff, Philip Morris's German and European manager for governmental relations. The promotion is supported by advertisements in style magazines and local publications. These show a bright red rectangle inside a white border. Underneath are the words: "Marlboro is Red. Red is Marlboro". The two sentences are separated by the red emblem of the cigarette packets. "We wanted to make Marlboro and the colour red a talking point," adds Wolff.

The breathless language of the company's own press material makes that clear. "Red is warmth and energy. Red is impulsive, eliminates the inessential, concentrates on reality – life. Red stands for liveliness, dynamism, and change." Clearly, Marlboro has no objection to having these powerful claims for the colour linked to cigarette smoking.

It goes further. "Mobile, urban art forms, happenings, and events build a completely new area of experience around the classic Marlboro Red. Red is more than a colour." For Marlboro, it certainly is. The well-known Marlboro packet design dates from the 1950s when red was the classic advertising colour. Black was the colour of the 1980s, Marlboro says. In the 1990s, bright colours are coming back. Whether or not Marlboro repeats its seven-city programme of red men popping up to surprise, alarm, or delight, the jaded general public in the lethargic summer months will no doubt depend on how sales react. But whatever Marlboro does with the colour red, the cowboy is a fixture of its German marketing policy. If he does finally have to ride off into a smokefree sunset, whipped on by officials in Brussels, he is still likely to be seen in international magazines published outside the EC but sold in Europe.

Andrew Fisher

TECHNOLOGY

Computer boards bus in London

In the Citizen's Charter, announced last month, British prime minister John Major outlined plans for the deregulation of London Buses. Those few lines present an enormous technical challenge for the bus company, which carries 3m people around London every day.

The problem is how to provide the computer support needed today by its 13 divisions and yet manage the change in requirements so that they will be able to compete effectively in future. Its solution has been to award a three-year contract to computer services company Hoskyns to run the support system.

The task for Hoskyns is to support a network of 60 HP3000 minicomputers – the largest network of remotely-managed Hewlett-Packard computers in Europe – which are spread around the London region. Each operating company within London Buses – 11 of those run the actual bus services on the 495 London routes – runs its own computer system, using standard hardware and software supplied in the past by the central IT department. As well as such tasks as accounting and stock-taking, the companies use sophisticated scheduling software to make the optimum use of their 5,400 vehicles and their crews.

From now on Hoskyns, which employs the 39 staff who formerly worked for London Buses, will provide software upgrades and maintenance.

The goal for Hoskyns will be to persuade the operating units to put more work its way once de-regulation – and probably privatisation – takes place. "Our job is to work with each company to develop a business plan and work out what computing they want," says Tony Robinson, joint managing director of Hoskyns.

The computer systems are not the first element of London Buses' technology support to be contracted out. Maintenance of the ticket machines and the operation of the packet switched phone network, which links the computers together, is now carried out by outside organisations, says Mike Heath of London Buses.

Della Bradshaw

John Gapper describes the relationship between Pirelli's workforce and its computerised factory

The fine art of flexibility

People still control the machines at Pirelli's state-of-the-art computer-integrated cable-making plant in Aberdare; it may soon be the other way round. The prospect is unnerving even for John Siney, the plant manager. "At the moment, people believe there is a degree of freedom – they are not totally submerged in the system. I am a little afraid of it, quite honestly," he says.

The step that Siney ponders is letting the computer system at the South Wales plant control its human resources as clinically as its raw materials and machines. Each employee reporting for work would clock on with an electronic card holding details of his or her skills. The computer would then allocate teams of workers to various tasks throughout their shifts.

It would be the culmination of Pirelli General's investment in a technological experiment. The £27m plant makes the company's simplest range of cables on its most sophisticated production line. If it works, then all Pirelli's plants could follow its lead in the next century. But the new relationship between people and technology at Aberdare has had its teething troubles.

One might not guess so from comments by the 160 workers, employed under a single union deal since the plant opened in 1986. Many worked at Pirelli's former plant on the site, which made more complex cables, and had stormy industrial relations. "We used to walk out of the gates like sheep. I don't think I'd want to work anywhere else now," says Mike Thomas, a production worker.

But despite a consensus that the new world is better than the old, it has had difficulties. Machine breakdowns and stoppages have limited output, and so made it hard for workers to gain the range of skills on which the innovative pay system is based. Some workers say the company's drive for flexibility above all has damaged work quality because people move around so much.

Yet the vision of what the plant could achieve if these flaws are ironed out in the way managers intend remains enticing. The company would have taken an old loss-making plant with a multi-union agreement in an area of industrial militancy, and replaced it with one in which machines control the most flexible line imaginable on which all employees work interchangeably.

Pirelli General, a subsidiary of Pirelli UK, started from scratch on the same site after it opted to close its specialist cables plant and relocate the capacity near its Hampshire-based head office. It decided to retain a presence in Aberdare, partly influenced by the offer of local grants, and partly because of the company's importance to an ailing local economy.

The possibility of leaving and the need to cut its workforce from a peak of over 400 gave it leverage with unions and workers. It insisted on a new single union agreement, eventually signed with Matsa, then the white-collar section of the GMB general union. It also imposed a recruitment process which allowed it to choose the most adaptable and enthusiastic workers.

The company devised an IBM-based computer-integrated facility in which robotic vehicles deliver drums of copper wire to machines which automatically extrude and spin cables. At the heart of the technology is a Plant Operations Management System (Poms) which manages the 15,000 square-foot shopfloor. It guides machines, monitors quality and controls the inventory.

Alongside the technology, it drew up a personnel policy which it hoped would integrate people with machines. There are only two grades of worker below management: A and B. They earn a salary of £9,000 and £11,000 respectively, and can boost wages by acquiring a selection of 20 skill "modules" covering different functions. The salaries rise by £300 for each module acquired.

The principle was that Poms would control all aspects of production from raw materials to people, combining them in the most efficient mix at any time of the day. It would be a "real time" version of scheduling in supermarkets, which use computers to devise rotas based on the skills of each worker. A Pirelli employee might be moved by Poms like a drum of copper wire.

The company saw a number of personnel advantages in computers controlling production. One was that it would reduce the need for supervision – there are no foremen or chargehands at Aberdare. "The producer [employee] controlled the process in the past, and had to be exhorted to go faster or do more," says Siney. "We have taken away the control, so there is no need to exhort."

Ashley Ashwood

Pirelli worker operates the computer-controlled extrusion line

The company insists this removal of control of the labour process is not synonymous with de-skilling – a common criticism of new technology. "We have not de-skilled the job. We have freed up the person to make judgments. He organises his time and decides which tasks he should get involved in," says Siney.

Pirelli also hoped that the incentive to work flexibly through the skill-based pay system would encourage workers to accept the role of machines. "There are no job descriptions, there are no jobs. That is the vision we are trying to make reality as quickly as possible," says David Yeandle, Pirelli General's corporate personnel manager, who helped to plan the plant.

The company has made progress towards its vision. One token of that is the level of trust between the union and management over issues such as pay talks. Early this year, Siney told David Brown, the GMB branch secretary, that a set sum of money was available and the union could help decide how it was shared out. It opted for an £8 a week flat rate rise for everyone.

But as in all attempts at utopias, there are catches. The plant's workers take a more pragmatic view of the technology than its managers: they are more disillusioned by its practice than afraid of its potential. "I don't know about us losing control of our jobs. The only thing out of control here is the computer," says Jack Prince, a 52-year-old production worker.

After several computer breakdowns, Prince insures himself by noting down on paper figures from the computer screens by the machines. There has also been an annoying series of mechanical failures. "Its the niggling details that go wrong," says Siney. "Its not the system, or the concept or the people." He had to replace one part in a cable-insulating machine 15 times.

The upshot is that the plant has not made the quantity or the range of cables which would require workers to use the number of skill modules managers envisaged. Until it is consistently working at a higher rate, they will not attempt a final switch to computer control of human resources. That in turn may require a higher level of consumer demand than today's sluggish market.

Some workers have been worried both by the effect on quality of the incentive to move around the plant constantly, and by the apparent unfairness of having workers who are working alongside each other being paid at different rates. "I would be quite happy to stay where I am, but I have to move around to get more money for the different skills," says Thomas.

Although the company is wary of watering down any incentive for individual flexibility, it accepts that it may not have built enough incentive for team working into the pay structure. Yeandle says it is considering an improved method of rewarding team working. "I think we have to look at incentives for the general concept of team work and flexibility," he says.

The mechanical teething troubles of the plant and the sag in demand for building wires have enforced a breathing space. "We want to have a bit more time to think before we take the step that frees people up," says Siney. Only then will the company find out whether technology truly emancipates them, or imprisons them in the grip machines.

Australian fuel receives injection

By Michael Kenward

Electronic fuel injection has finally arrived for cars that run on liquified petroleum gas. An Australian company, Biocom, based in Adelaide, has developed an electronic fuel injection system that carefully meters the fuel and optimises the flow of gas into the engine.

LPG is to Australia what diesel fuel is in other countries, with some 270,000 cars burning LPG. Most of the country's taxis and many private vehicles run on LPG. Cars that run on LPG are more efficient than petrol-engined vehicles, and cost half as much to operate. Vehicles which are fuelled with LPG also produce less air pollution.

Despite these advantages, and the widespread availability of LPG in Australian petrol stations, no car manufacturer sells vehicles set up to operate with this fuel. The situation is similar in Canada and Holland, where a substantial number of vehicles burn LPG.

Anyone who wants to run a vehicle on LPG takes it to a custom conversion company, where petrol-engined vehicles are modified to run with both LPG and petrol.

The cost of converting a petrol engine to burn LPG is around A$1,800 (£820), which taxi drivers expect to recover in just three months. The market for conversions amounts to some 30,000 vehicles a year in Australia.

Adapting a car for LPG involves installing a tank to hold the fuel, and adding fuel pipes and a vaporiser to carry the fuel into the engine. Until recently, the technology of LPG vaporisers had been unchanged for at least a decade.

Conventional LPG systems vaporise the fuel before it enters the engine, which wastes the heat produced as the fuel vaporises, reducing the engine's power and efficiency. With gas entering, it is difficult to get enough air into the fuel/air mixture. With the electronic fuel injection system, more oxygen enters the cylinder with the fuel.

Gas injection of LPG also loses motorists the improved control that comes with electronic fuel injection. As well as better driving control, electronic fuel injection is necessary for advanced catalytic converters.

These measure the amount of oxygen in the gases going to the converter and adjust the fuel injection to minimise the pollutants in the engine's exhaust. Without electronic LPG injection it would be difficult for cars to keep up with increasing demands for pollution control.

Chris Moore, managing director of Biocom, claims that the new LPG injection system will produce a 20 per cent improvement over engines that vaporise the gas before it enters the engine. He believes that the new LPG system will be 5 per cent more efficient than petrol engines.

Biocom's fuel injection system uses a microprocessor to control the flow of fuel into each cylinder. The computer takes measurements from a number of sensors and adjusts the fuel flow depending on the temperature and pressure of the LPG and the amount of oxygen in the exhaust.

The LPG controls also take account of the signals from the computer that control the car's petrol fuel injection system. In effect, the LPG computer calculates how much energy the engine needs to operate and keeps the injector open long enough to feed in the right amount of fuel.

Biocom operates a number of vehicles equipped with the new system. Tests on a Mitsubishi Magna, carried out in association with researchers from the University of Adelaide, showed that LPG and petrol gave the same performance. That was before the researchers optimised the LPG injection system. Moore believes that they will now be able to improve the performance of the LPG system by optimising the timing.

The company is discussing the use of its LPG injection system with a number of car companies in Australia, including General Motors and Ford which provided Biocom with vehicles, engines and test facilities.

The car makers are considering the possibility of selling LPG fuelled cars themselves. Biocom also hopes to license a company to market the technology in North America.

ARTS

Arnie's gotta do what Arnie does best

TERMINATOR 2 (15)
James Cameron

PARIS TROUT (18)
Steven Gyllenhaal

TRULY, MADLY, DEEPLY (PG)
Anthony Minghella

BFI NEW DIRECTORS
Various

ELVIRA MADIGAN (PG) (18)
Bo Widerberg

It is a hard life being a terminator. In James Cameron's *Terminator 2* Arnold Schwarzenegger is hurled naked into Los Angeles from the future to do what a terminator's gotta do. This, essentially, is to terminate other terminators. A beautiful woman (Linda Hamilton) whose son is a Siegfried-like hero-to-be, hopes that the evil T-1000 cyborg (Robert Patrick) who is chasing Junior around 1997 LA, will be nobbled by the good T-800 cyborg (Schwarzenegger) who has caught the time-space shuttle from a future civilisation.

Judged by his clothes allowance, Schwarzenegger's hero is paid markedly less for his work than the actor himself received for this $90m movie, the costliest in history. Arnold's fee is variously reported to have been $15m and/or a private Lear jet and/or a combination of the two.

He deserves the money for walking unscathed through the special effects. *Terminator 2's* trick photography and action stunts must be seen to be stupefied by. Around reel 80 – I was becoming too concussed to count – Big Arnie and Biggish Mr Patrick were still galumphing through streets, docks and futuristic factories biffing each other. But instead of simple fisticuffs we have people turning into chrome-metal warriors before our eyes, their arms reshaping into metal pincers that pinion enemies to the wall or pierce them through the head. And instead of car chases causing minor bodywork damage, we have Armageddons of the automobile, wild *walpurgisnachts* of metal and manpower.

No special effect can outshine, however, Schwarzenegger himself. There is the Mr Universe build. There are the Aku-Aku features. And there is the Hollywood-Austrian voice, somewhere between Kurt Waldheim and Sig Rumann. Schwarzenegger does not say much, but when he does it is short, pithy and fluent in several languages. This is all thoroughly entertaining. As star-powered rollercoasters go, *Terminator 2* goes like a white-knuckle dream.

★

Paris Trout, unlike *Terminator 2*, is a film we are expected to take seriously. Violent and sinister things are happening in small-town Georgia in 1949. A rabid fox bites a little black girl. An apparently demented loan-shark (Dennis Hopper) shoots another black girl and her mother. Then Mr Hopper, playing the titular Mr Trout, goes home and continues to make life difficult for wife Barbara Hershey. When not half-drowning her in the bath, he is buggering her with an uncapped soda bottle.

Welcome to the American South. Playground of the id, it is the only place in the world where life-threatening lunacy is allowed to walk about without a collar and leash. Directed by Steven Gyllenhaal of (inter alia) *Twin Peaks*, and scripted by Pete Dexter from his own novel, *Paris Trout* is powerful in the many small intervals when it is not being potty.

The pottiness includes a novelettish romance between Hershey and Ed Harris as Hopper's lawyer, who draw long, sensual Southern vowels over themselves like bedsheets, and director Gyllenhaal's determination to pour smoke-effects into every interior scene.

The power is mostly Hopper's. As with many actors who have no necks, his emotions go straight from his heart to his brain without tiring themselves on the way. His attempts at wife-murder are accompanied by honest, reasonable explanations – "Till death us do part, that's the arrangement!" – and as in *Blue Velvet* the bulbous, bomb-shaped head seems to harbour all the world's explosive nastinesses. He is *Paris Trout*'s triumph. Its tragedy is that no one and nothing else matches his incendiary inwardness.

★

My Cannes notice of Anthony Minghella's *Truly, Madly, Deeply* brought a hurt letter from its writer-director.

Blazing away: Schwarzenegger in "Terminator 2"

Appalled as we critics are by the thought of causing distress, I re-examined my memory, notes and review. Regretfully, I found only one unjust word. I called the film "unwatchable". That has to be untrue since I watched it.

Juliet Stevenson's lover Alan Rickman has died. In the intensity of her grief she summons back his ghost. But their renewed passion is somewhat sepulchral, unhelped by the fact that he has brought his mates with him from beyond the grave. Stevenson's house is soon filling up like free-pint day at The Mortician's Arms. What can a poor girl do?

She could urge the director to inject some cinematic values into the movie. Its genteel TV-drama literacy suggests it should be roaming the small screen rather than the large. Cinema is all about elastic audio-visual daring: we should sense, even when we do not experience, an expressive range that can extend from microscopy of the human soul to magnified vistas of the human planet.

Minghella's movie technique is frozen in a maiden-auntish middle range. People move around rooms talking and the camera follows them. Since his mise-en-scene cannot express or imply extremes, his dialogue must. "I miss him! I miss him! I miss him!" sobs Stevenson to her shrink. And when the living corpses mass in her house to watch TV, the blandly presented visual joke is not enough without Stevenson piping up to Rickman: "You mean to tell me dead people are in my living-room watching videos?"

The film has been eulogised in America and no movie with Alan Rickman can be all bad, even when he is cast as a dead cellist suffering from chronic if posthumous sentimentality. But despite the big emotional themes Minghella tilts at, from bereavement to life-rebuilding, the keynote remains cosiness.

★

Each year the British Film Institute hands out £25,000 apiece to a group of aspiring film-makers. They can spend it on any project they choose in any genre, format or length. With a sum this modest, insolvency is usually reached at around the 30-minute mark, though imaginative bankruptcy can strike much earlier.

Happily it strikes not at all in the 1991 New Directors programme, now showing at the Metro and soon to be seen on Channel 4. At their worst, the films are a touch trend-enslaved, like Vivian Albertine's *Coping With Cupid*, in which three blondes from outer space search for mortal love and find feminist truths. At their best, as in Chris Newby's *Relax* and Richard Heslop's *Floating*, there is a real sense of new cinematic possibilities.

Both films are grim-looking oysters containing gorgeous pearls. *Relax* is an Aids-era nightmare about a Londoner awaiting his HIV-test results. Shot in black-and-white, it zigzags through its crazy-paved narrative, disorienting us into a poetic confusion between the life-affirming intimacy of love and the deathly intimacy of the doctor's examining-room. *Floating* is a brilliant expressionist caprice. A middle-aged bus-driver decides a second great flood is coming, so he wrecks his flat to build an Ark. His wife looks on aghast; his children giggle nervously; the audience marvels at the fish-eyed visuals, perpetual-motion camerawork and human-aquarium world-view.

Even the BFI programme's documentary offerings – Gavin Hodge's *Zygosis*, about photo-monteur John Heartfield, and Sandra Lahire's celebration of Sylvia Plath *Lady Lazarus* – show a grammatical daring with techniques like multiple exposure and animation. On tiny budgets Britain's filmic future may be being incubated here. If so, let us keep watching the heart-monitor to ensure that that future does not "flatline" as so often before.

Elvira Madigan has certainly flatlined. Bo Widerberg's 1967 romance about a 19th-century Swedish officer and his tightrope-walking love was once thought the arthouse pulse-racer of its time. All those summer strawberries, all that sunkissed skin! All that designer doom as the world conspires against our brave canoodlers. Alas: the film now looks like a toilet-paper commercial with tragic pretensions. *Sic transit* movie glory.

Nigel Andrews

Valentine's Day

MINERVA STUDIO, CHICHESTER

Edward Petherbridge is one of the last actors you would expect to find in a musical. His characteristic manner is too low-voltage; and his persona is that of a delicate observer of life's parade, not a participant. Yet his performance in *Valentine's Day*, this new musical adaptation of Bernard Shaw's *You Never Can Tell*, is the evening's one thoroughly adorable feature. How come? Because he brings to music the same qualities that make him so fine an actor.

He plays here William, the head waiter. "You never can tell," he sings – it's his big number – and then he breaks into a soft-shoe dance. No, not a real dance; just a little phrase; and a turn . . .; well, a hint of tap too, then; only a sketch, mind, not a big number, not really; oh no . . .; but yes, don't you agree that this step now is rather fun? Just as the great tap dancers used to perform on a layer of sand, William sprinkles a little salt and pepper on the floor and dances on that. If he had his life to live again, this waiter would be Jack Buchanan.

Petherbridge doesn't overdo a single thing. Indeed, he amazes you that he can do so much. His singing is musical but sometimes ill-tuned and always frail. Still he leaves you longing for more. *Valentine's Day*, conceived and adapted by Benny Green, who also wrote the lyrics, and by David William, and with music by Denis King, is here at its best. The lyrics are urbane, and the tune – so right in this turn-of-the-century setting – belongs to the tradition that spans from music-hall to *My Fair Lady*.

The rest of *Valentine's Day* is not on this level. This is partly because Green and King handle the main themes – the conflict of romantic love and female independence; differences of class and income; parental authority – with a kind of glibness that is less near Shaw's original than a Sondheim show. There are series of short lines with displays of pat rhymes; and dramatic tensions that are handled more for smart lyric neatness than serious dramatic development; and not enough melodic flowering.

These qualities, however, might be less obvious in another staging and with other players in the roles most central to the plot. Fiona Fullerton has the perfect looks for the key role of Gloria: the beautifully decisive bone-structure, the pallor, the bright eye, the erect waist and neck. But the more unusual her situation, the more conventional her performance becomes. Gloria's dilemma never becomes interesting; and without it the Shavian essence evaporates.

Judy Parfitt takes her second period feminist role this season as Mrs Clandon, but shows no new aspect of herself (apart from her singing, which is at best undistinguished). We have seen her play this gracious, elegant, wearily superior type before. And the roles of Valentine, Dolly and Philip, as taken by Steven Pacey, Gemma Lowy and Robert Hands, are types we have seen before too. Musicals abound in people like Pacey's ardent, toothsome Valentine and the arch, ebullient juveniles played by Lowy and Hands.

The director-choreographer Gillian Lynne's staging is smooth, lively, expert, but inclined to cosy cuteness, right down to a shower of Valentine confetti at the end. The action includes a very Sondheimian lunch, with fragments of small talk over a salon-music background accompaniment. Lynne here has staged some all-too-neat incidents of synchronised eating. These set my teeth on edge.

Alastair Macaulay

Alastair Muir

Song and dance revelation: Edward Petherbridge

Morning concerts

EDINBURGH FESTIVAL

For assiduous music-lovers, the daily Festival concerts in the Queen's Hall are hard to pass up – much like Wigmore programmes, though a bit shorter. Tuesday's recital by Sheila Armstrong, Barry Tuckwell and Roger Vignoles was typical, and good. The repertoire for singer, horn and piano is understandably small, but they found two pieces that rated as better than mere curios: an early, innocently Romantic piece by Richard Strauss called "Alphorn", and Donizetti's lachrymose "L'amor funesto".

Better known than either of those, and much stronger stuff, is "Auf dem Strom", which Schubert composed near the end of his life (its Deutsch number is 943). A sober, heartfelt farewell, it has what must be deliberate echoes of the Funeral March from Beethoven's "Eroica" Symphony, and the performers gave it the proper gravity. By herself, Miss Armstrong was energetic and delightful in Rossini's "Regata veneziana" songs, and Tuckwell (with elegant assistance from Vignoles) shone in the "Villanelle" of Dukas, one of those French competition-pieces that has earned a permanent niche.

Monday's concert was yet another Festival contribution from the Kirov. Their "Chamber Ensemble Soloists" offered an intriguing mixed bag, from Glinka – a Serenata after Donizetti's *Anna Bolena*, for a very odd septet – to Igor Yefimovich Rogalyov's march-fantasy "If Schubert read Pravda", for 16 players and many rude percussion-noises. This latter "interprets" Schubert's all-too-familiar little March in D "in the light of the artistic system of socialist realism": quite a good, raucous joke – Rogalyov has written scores for many cartoon films.

Balakirev's early, delectable one-movement Octet disappointed, simply because the sparkling piano-part was far beyond the pianist's technical means (occasionally she gave up on the left hand altogether). I should love to hear Ian Brown and the Nash Ensemble do it: the Octet is a brilliantly appealing little piece, full of character. There was plenty of character too in Gavril Nikolaevich Popov's 1927 Septet, but subjected to no formal discipline whatever. "Eclectic" would be the wrong word – the piece teems with quirky ideas, one after another after another. Then it stops. A tender, genuinely bluesy passage stays in my mind; may it have been the first-ever Soviet example of such a thing?

David Murray

Tribute to the Blues Brothers

WHITEHALL THEATRE

The Whitehall look will be pork pie hat and shades rather than bowler and brolly for the next few months. Not necessarily for civil servants but for the hard core fans of the Blues Brothers, who will be approaching with expectation and caution this tribute to their heroes mounted by Warwick Evans and Con O'Neil.

The *Blues Brothers* was a 1980 movie by John Landis featuring John Belushi and Dan Akroyd as two cool weirdos who favoured baggy black suits and a mean swagger. The plot was invisible, something about a prison escape and an endless car chase. The genius came in the background of well chosen blues. It hit the spot among students, and Belushi and Akroyd went on to form a band to play the soundtrack. Producer David Pugh devised a pub entertainment which has become a West End musical of the movie.

If you need the background you probably won't bother to buy a ticket. This is the *Rocky Horror Show* all over again, a cult ritual, but stripped down to minimal production values. Evans and O'Neil slip into Yorkshire accents early on to make the point that they are only on the run from the Halifax police for a parking offence, and that this is a tribute to the Blues Brothers rather than an impersonation – you can't be too careful with American copywrite lawyers – but really this is just an opportunity to belt out 20-odd songs, most of which came from the movie, plus some, such as "Two Little Boys", oddball enough to flavour an English version.

As a concert it was hit and miss. The six piece band was fine; the backing trio had its moments, especially when Ian Roberts soloed "Under the boardwalk", but Con O'Neill made no attempt to match Belushi's self-destructive frenzy and his voice is no spine tingler. Warwick Evans was more laid back and carried off a good Cab Calloway cameo on "Minnie the Moocher".

Of course we joined in the chorus here; of course, by the time we reached "Do you love me" the audience was on its feet and bopping; of course the sustained climax of "Sweet Home Chicago" followed by "Jailhouse Rock" made the evening seem a breeze. But once the adrenalin had calmed down you realised that this is the kind of show you would rave about at the Edinburgh Festival and find rather tame by the time it reached London.

Antony Thorncroft

Music demystified

THE CONCEPT OF MUSIC
by Robin Maconie
Oxford University Press £22.50, 187 pages

The concept of this book is quite original. Apart from some music-histories and biographies, there is precious little that is worth reading about music which does not trade upon specialist terminology: *dominant ninth, plagal cadence, false recapitulation.* (The languages in which contemporary music is discussed are more arcane still.) Maconie has found all sorts of illuminating things to say about music, without using that lingo.

That there should be such lingos was inescapable. Nearly all music consists of audible bits, arranged in sequences and patterns which aren't copies of extra-musical forms; in a highly developed music – European, Indian – those need to acquire their own names, with which only practitioners and connoisseurs will be fluent. Soon comes theoretical description, and indeed Theory, always culture-specific.

The layman soon learns that serious discussion of music exceeds his vocabulary. And on any more general level, what more is there to say? – except to remark the bare harmonic properties of pitched sounds (which the Pythagoreans understood pretty well, two millennia ago) and then to veer off into musical anthropology and history.

Maconie is more philosophical than that, and cleverer, and enormously well-informed about the practical realities of acoustics, the physics of sound, the history and architecture of music-rooms, the design of instruments. When he wants to enlist such facts in the service of some insight or bold claim, as continually he does, he expounds them briskly and lucidly. Blinding the reader with science is certainly not his aim; all those resources are brought to bear upon the topic he keeps firmly in hand, which is *music*.

As the title promises, he aims to probe the very concept of "music" (what do we perceive as music, and why?) but he is equally concerned with music as a *phenomenon*, and its various phenomenal aspects. Along the way he offers a wealth of specific *aperçus* concerning Western music – the role of timbre, the development of specialised orchestras from homogeneous bands, the difference between French and Teutonic treatments of musical Time in our century; but the terms in which he states them are never those that regularly defeat uneducated music-lovers.

Maconie has been a pupil of both Stockhausen and Messiaen, which may help explain why he is able to station himself at a cool, modern distance from the terms of traditional European music-talk. He is respectfully aware of the defining conventions which eventually made Western polyphony and "symphonic development" possible, but also of all those significant musical factors about which standard Theory has had nothing to say.

There are bold proposals about the phenomenology of perceived concord and dissonance, the effects of the Western surrender to equal-tempered pitch, the parallels between certain rhythmic devices and the natural beats of human physiology. But Maconie is never reductive: that is to say, he does not appeal to physical, physiological and social facts in order to *explain away* our musical responses – but only to bring out dimensions of them that generally pass unmentioned, and to set their determining contexts in newly sharp relief.

The right reader needs only an inquiring love for music, and ordinary familiarity with the simplest terms of physics and maths; no more than the science-and-technology column in your daily paper might expect.

David Murray

INTERNATIONAL
ARTS GUIDE
TODAY'S EVENTS

■ AMSTERDAM

Concertgebouw 20.15 Ton Koopman is director and harpsichord soloist in a Bach and Telemann concert with the Amsterdam Bach Soloists. Tomorrow: Neeme Järvi conducts the Royal Concertgebouw Orchestra. Sun: Osaka University Symphony Orchestra (6718 345)

■ COPENHAGEN

Tivoli Koncertsalen 19.30 Michael Schonwandt conducts the Tivoli Symphony Orchestra in Strauss' Metamorphosen and the first act of Wagner's Die Walküre with Nadine Secunde and Poul Elming, who are singing Sieglinde and Siegmund in the current Ring at Bayreuth. Tomorrow: the Kontra Quartet and Jan Simon play Dvorak's Piano Quartet in A major. Sun at 11.00: Bo Boje Skovhus, accompanied by Helmut Deutsch, sings Schubert (3315 1012)

■ FRANKFURT

Alte Oper 20.00 Loris Tjeknavorian conducts the Armenian Philharmonic Orchestra in Tchaikovsky's Fifth Symphony, plus extracts from Khachaturian's ballet Spartacus and the Violin Concerto, soloist Ruben Aharonjan. Tomorrow: Mstislav Rostropovich conducts the German-Soviet Youth Philharmonic in Prokofiev's Third Symphony, plus extracts from Romeo and Juliet. Sat: Rostropovich cello recital (1340 400)

■ HAMBURG

Deutsches Schauspielhaus 20.00 Broadway production of the musical 42nd Street, daily except Mon till September 8. Matinee and evening performances on Sat and Sun (248713)
Ernst-Deutsch-Theater 20.00 First night of new production of Brecht's The Threepenny Opera. Runs till October (2270 1420)
Sommertheater-Festival auf Kampnagel 21.00 Hamburg's annual festival of experimental theatre includes a production by the Dramatic Theatre of Kaunas from Lithuania. The work, entitled Sandclaviere, is set in north-east Prussia in 1936 and tells of the difficulties of making art during times of oppression, occupation and uncertainty. Daily till Mon. The festival runs till Aug 31, with several events each evening (351721)

■ HEIDELBERG

Schloss 20.00 Castle Festival production of Cosi fan tutte. Tomorrow and Sat: The Student Prince (06221-583521)

■ LONDON

MUSIC AND DANCE
Royal Festival Hall 19.30 English National Ballet in Ronald Hynd's production of Coppélia, with Yelena Pankova and Jose Manuel Carrero in leading roles. Repeated tomorrow, with matinee and evening performances on Sat. These are the final performances of the ENB summer season (071-928 8800)
Queen Elizabeth Hall 19.00 Opera Factory production of Cosi fan tutte, staged by David Freeman, conducted by Mark Wigglesworth, also Sat (071-928 8800)
Barbican 19.45 Shanghai Acrobats, runs till Sun, with matinee and evening performances on Sat and Sun (071-638 8891)
Royal Albert Hall 19.30 Takuo Yuasa conducts BBC Scottish Symphony Orchestra in Berlioz's overture Beatrice and Benedict, Shostakovich's Concerto for piano, trumpet and strings and Schubert's Ninth Symphony. Tomorrow: Gennady Rozhdestvensky conducts Dvorak's rarely-heared dramatic cantata The Spectre's Bride. Sat: Alexander Gibson conducts Royal Scottish Orchestra in world premiere of Martin Dalby's The Mary Bean, plus Mendelssohn's First Piano Concerto with Moura Lympany (071-823 9998)
THEATRE
National Theatre
● The Miser by Molière, directed by Steven Pimlott in a new translation by Jeremy Sams, is showing at the Olivier tonight. Tomorrow, and on Sat, Mon and Tues, Josette Simon is the proud heroine in a glittering production by Philip Prowse of The White Devil, John Webster's tale of Jacobean corruption.
● Long Day's Journey Into Night, showing at the Lyttelton tonight, tomorrow and Sat, is Eugene O'Neill's masterpiece of family guilt, directed by Howard Davies and starring Prunella Scales and Timothy West.
● Black Snow, directed by William Gaskill at the Cottesloe, is Keith Dewhurst's new play based on Bulgakov's satiric novel about the Moscow theatre in the 1920s. (071-928 2252)
● For information about other shows, phone Theatreline from anywhere in the UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

■ MUNICH

Brunnenhof der Residenz 20.00 Hans Stadlmair conducts Munich Chamber Orchestra in music by Mozart, repeated tomorrow. Sun: members of the Vienna Philharmonic Orchestra play music for chamber orchestra by Weber, Dvorak and Mozart (299901)
Deutsches Theater 20.00 Die Fledermaus, production by Budapest Operetta Theatre. Daily except Mon (593427)

■ NEW YORK

MUSIC
Avery Fisher Hall 20.00 Pinchas Zukerman, accompanied by Marc Neikrug, plays four Mozart violin sonatas. Tomorrow and Sat: Andre Previn conducts Mostly Mozart Festival Orchestra in a programme including Mozart's Prague Symphony and Exsultate, jubilate with Kathleen Battle soprano. Mon: Beaux Arts Trio (875 5030)
New York State Theater 20.00 Rebecca Copley sings title role in Jonathan Eaton's staging of Turandot, conducted by Guido Ajmone-Marsan and designed by Beni Montresor. Tomorrow: La traviata with Sheryl Woods as Violetta. Sat: La bohème (870 5570)
OFF BROADWAY THEATRE
● Heartbreak House is a revival of G.B.Shaw's comedy-drama about love, liars and the sorrows of a broken heart. Directed by Peter Ruffet with a cast led by Rayna Baker, Robert Sutherland and Sheila Gerber. Ends Aug 25 (Westside Repertory Company Theater, 252 West Eighty-first Street, 874-7290).
● Tony 'N' Tina's Wedding: a wedding at St John's Church, 81 Christopher Street, then a reception at 147 Waverly Place, with Italian buffet, champagne and wedding cake. Rick Pasqualone and Sharon Angela are the happy couple (279-4200).
● Penn and Teller Rot In Hell: the comic duo return after an international tour, with additions to the items featured in their Broadway success, including model Carol Perkins (John Houseman Theater, 450 West Forty-second Street, 564-8038).
● Pageant is a musical spoof of beauty contests, funny, rowdy and highly recommended. Conceived, directed and choreographed by Robert Longbottom (Blue Angel, 323 West Forty-fourth Street, 262-3333).
Ticketron answers inquiries and sells tickets (246 0102)

■ VERONA

Arena 21.00 Daniel Oren conducts Gianfranco de Bosio's production of Nabucco, with Sylvano Carroli in the title role and Linda Roark Strummer as Abigaille. Tomorrow: Ghena Dimitrova sings Turandot. Sat: Rigoletto. Sun: John Cranko's production of Romeo and Juliet (045-800 5151)

■ VIENNA

Konzerthaus 20.00 Hans Vonk conducts the English Chamber Orchestra in music by Mozart and Schubert, with Richard Goode piano soloist. Tomorrow: Leopold Hager conducts the ECO, with Elisabeth Leonskaja piano soloist. Sat: Emanuel Ax is soloist with the ECO. Sun: Claudio Abbado conducts the Gustav Mahler Jugendorchester in Mahler's Fifth Symphony and Schumann's Cello Concerto, with Natalia Gutman (4000 8400)
Schloss Schönbrunn 21.00 Double-bill of operas composed for Vienna in 1786: Mozart's Der Schauspieldirektor and Salieri's Prima la musica e poi le parole. Repeated tomorrow and Sat, also next Wed, Fri and Sun (4000 8400)
Schönbrunn 20.00 Manfred Huss conducts the Polish Kammerphilharmonie in a programme of Mozart, Haydn and Beethoven, with Valery Rogacev piano soloist. The same conductor and orchestra play sacred music by Mozart in the Kirche am Hof on Sat (825208)
Theater an der Wien 19.30 Freudiana, musical by Woolfson and Parsons. Daily except Wed (58830)
Staatsoper/Volksoper The new season opens on September 1 with Parsifal (Staatsoper) and Kalman's operetta Grafin Mariza (Volksoper). Ticket reservations for holders of credit cards can be made from anywhere in the world by phoning Vienna 5131 513, starting six days before the day of performance.

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY
Eurosport
0600-0630 International Business report
CNN
0500-0530 Moneyline
0800-0830 Moneyline
1230-1300 CNN Market Watch
1330-1400 Business Day
2000-2030 World Business Today - a joint FT/CNN production with a review of the day's major business stories with Grant Perry and Colin Chapman
2300-2330 World Business Today
0100-0130 Moneyline
Superchannel
2220 - 2250 (Wed) Financial Times Business Weekly - the latest round-up of business news with James Bellini and Debbie Middleton.
0830 & 2030 (Thurs) Financial Times Business Weekly
Sky News
1200 International Business Report
2130 (Thurs) Financial Times Business Weekly

SATURDAY
CNN
0800-0830 Moneyline
0900-0930 World Business Today - a joint FT/CNN production
1540-1610 Moneyweek
1900-1930 World Business This Week
2110-2140 Your Money

SUNDAY
Superchannel
1800-1830 FT Business Weekly
1930-2000 FT Business Weekly
2330-0030 FT Business Weekly
Sky News
1030-1100 FT Business Weekly
CNN
0710-0740 Moneyweek
1540-1610 Your Money
1900-1940 Moneyweek
0040-0110 Inside Business

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700
Thursday August 15 1991

Midsummer discontent

THE LONDON stock market is giving every sign of expecting an end to the recession, but British voters are apparently yet to be convinced. The market rose to a new peak yesterday, in spite of an ICM/Guardian opinion poll showing an increase in the Labour lead over the Conservatives. One poll can never be conclusive, but interviews conducted by several organisations during July suggested that the Tory revival noticeable at the end of June had been halted. Yesterday's poll results may therefore represent a continuation of an existing trend.

If so it seems probable that Labour really is currently favoured by some 45 per cent of the electorate against the Tories' 36 per cent. In an election that margin would translate into a strong working majority for Mr Neil Kinnock. If the next two or three polls confirm this impression Mr John Major would be wise to abandon all thoughts of holding a contest this year.

Labour's hope must be that if the prime minister does that he will be boxed in, caught between the legal necessity of calling an election by June 1992 and the political catastrophe that could result from the increases in unemployment that now seem certain to persist into next year. As Mr Roy Hattersley, deputy leader of the Labour party puts it: "The government is immobilised – trapped between the opinion polls and the election date."

Upturn needed

If Mr Major is to escape from this trap, the upturn in the economy must begin to show through by the end of the year. A prediction by the chancellor of the exchequer that this is what will happen will not in itself suffice, however often it is repeated. It is not even clear that putting money in the voters' pockets will cause them to express their gratitude in the polling booths. So far the portents are not encouraging for Conservatives. The government has cut interest rates by 4 percentage points over the past nine months. The effect is beginning to show through in lower mortgage payments. Poll tax bills have been halved, at a cost of 2½ percentage points on value added tax. Inflation has dropped sharply. Yet support for the Conservatives has fallen away since April, in spite of a June revival.

What seems to be happening is that traditional Tory voters have moved over to the Liberal Democrats, who stand at 16 per cent in yesterday's poll. The centre party has now held this level, or bettered it, for four months running. The question is, are its new supporters just registering a protest – or will they stick? The recent impressive performance by a party that seemed to be headed for oblivion just three years ago may be a consequence of Mr Paddy Ashdown's skilful leadership. It may be attributable to the attractiveness to some voters of his policies. If either of these explanations is correct, the Liberal Democrats could split the non-Left vote and put Labour in next time just as the Alliance split the non-Tory vote and put the Conservatives in in 1983 and 1987.

Likely outcome

That would be the most likely outcome in the absence of better economic news. The Conservatives need a resurgent housing market, a return of confidence to industry (in contrast to yesterday's gloom from the CBI), further interest rate cuts, and at least a slowdown in the rate of increases in unemployment. There is no certainty that any of these factors will turn in the government's favour during this year.

Mr Major must therefore rely on sheer politics to pull him through. His own performance has improved considerably. In party terms the Tories are in better shape. The semblance of a creditable election manifesto is beginning to appear. All this, however, has been jolted by events such as the escape of suspected IRA terrorists from Brixton prison, the BCCI affair, and the continuing doubts about the department of industry's role in the export of strategic materials to Iraq.

But it is the economy which will continue to dominate the electoral mood. When the day comes voters may regard Labour as likely to be even less competent than the Tories have been at managing the economy. As matters stand, that could be Mr Major's last, forlorn, hope.

The squeeze on profits

IN ALL the confused debate about short versus long termism in British business, among all the cures trotted out by the new model Labour party, the word "profit" rarely appears. Yet profits are more than just important; they matter more than anything else and quite possibly more than everything else together. Unfortunately, the latest study from the Bank of England shows that, despite improvements in the 1980s, profitability remains worrying in both the short and the longer terms.

Whether as the prime incentive to invest or as a particularly important source of savings, corporate profitability is intimately related to economic growth. That the UK had both the lowest rate of return in the business sector and among the lowest shares of profits in business value added of the leading industrial economies throughout the post-war era was both a source and symptom of its decline.

The 1980s were a decade of recovery. According to the Bank of England, the real rate of return of non-North Sea industrial and commercial companies rose from a low of 2 per cent in the second quarter of 1981 to a peak of 10½ per cent in the fourth quarter of 1988.

Nevertheless, any assessment would still read "could try harder". According to the OECD, the rate of return of the UK business sector remained below that in other main industrial countries even in the late 1980s. The failure to catch up with, let alone surpass, profitability elsewhere is disturbing, particularly for a country that needs to entice substantial flows of inward direct investment.

Lost opportunity

It also represents a lost opportunity. Rapid increases in the efficiency with which labour and capital was used generated substantial increases in the income potentially available to capital. Labour market reform would seem to have given its owners an opportunity to retain much of that increase for themselves. But most of it went in wages: between 1979 and 1988 real earnings in the UK rose more than twice as fast as in Japan, West Germany and France.

Here is perhaps the paramount example of short termism. High real wages and relatively low profitability in the short term mean lower wages and lower employment than otherwise in the longer term.

Worse still, the recovery was not to last. By the first quarter of 1991, the rate of return of non-North Sea business had fallen to 5¼ per cent. Fortunately, this is far higher than in the recessions of 1975-76 and 1980-81. Unfortunately, it is close to the exceptionally high current real rate of interest. No wonder then that business investment fell as a proportion of gross domestic product in 1990, and is likely to fall still further this year.

Higher peak

As the economy recovers, so will profitability. But will the peak of the next cycle turn out to be higher than in the last? Will profitability surpass levels seen in other countries?

The odds are against. The pound was allowed to depreciate in the early 1980s, but membership of the exchange rate mechanism rules that out this time. If profitability is to recover, unit labour costs in the UK must rise more slowly than in the chief competitor countries. Only then would profitability and performance in the internationally exposed part of the economy improve, allowing rapid growth in domestic demand and raising profitability in the protected parts of the economy.

How could this be managed? Part of the answer is an early return to sustained increases in productivity (which bodes ill for employment). Another part lies in wage behaviour. Improvements in the structure of wage bargaining may help; no less important is the preservation of a legal framework constraining the behaviour of trade unions.

Yet opinion matters too, both in the directors' suite and on the shop floor. Everyone needs to understand that profits represent future prosperity, not exploitation. Profits are the life-blood of the market economy. Those who moan about long-term performance, not least Labour politicians, should state that both often and persuasively.

Damian Fraser says Mexico's elections are a crucial presidential test

Pivotal polling

The career of Mr Carlos Salinas de Gortari, Mexico's dynamic 43-year-old president, and the future of Mexico's ruling Institutional Revolutionary Party (PRI) reach a pivotal point this weekend.

On Sunday, Mexicans vote for a new Congress, half the Senate, six governorships, and hundreds of local deputies, in the first test of Mr Salinas's national popularity since he was elected in July 1988. If the PRI wins the elections easily and fairly, Mr Salinas will govern, for the first time, with a mandate to continue the economic reforms that have characterised his presidency.

The election will also reveal the extent to which Mexico's monolithic PRI, which has ruled the country for the past 62 years, is willing to accept the fair conduct of elections. Mr Salinas has made much of a new electoral law, and greater political pluralism. But the PRI still has at its disposal the formidable resources of the state, making fair elections difficult.

What political reform there has been was largely forced on the president after the 1988 elections. Mr Salinas won with just 51 per cent of the vote, the lowest a candidate of the PRI had ever achieved. The PRI lost four Senate seats for the first time, and barely had a majority in the lower house of Congress. Worse still, even by Mexico's record, the elections were marred by allegations – supported by most neutral observers – that there had been ballot-box stuffing, manipulation of vote counts, and a mysterious breakdown of the computer that added up the votes.

The opposition forces lead by Mr Cuauhtemoc Cardenas, now president of the Party of the Democratic Revolution (PRD), refused to attend the president's inauguration and claimed there had been a "technical coup d'état". Ever since, Mr Salinas's presidency has been tainted by claims that Mr Cardenas was Mexico's legitimate president.

But the PRI and President Salinas have recovered remarkably quickly. Over the past three years the government has removed restrictions on imports, sold off the telephone monopoly as part of its sweeping privatisation plans, and is in the process of selling off the 18 state-owned banks. The government expects the budget to be broadly in balance this year. Mr Salinas also took the momentous decision in June 1990 to negotiate a free-trade agreement with the US to attract foreign capital, raise wages and provide jobs.

These measures have won approval, particularly abroad but also in Mexico. According to recent opinion polls, the party will win between 55 and 70 of the vote on Sunday. But the allegations of fraud have not disappeared. The opposition has attacked the new electoral register, designed last year as part of the president's much-heralded commitment to fairer elections. It lists some 39m voters, against 45m Mexicans aged over 18 who are eligible to vote. Mr Cardenas claims the register is biased towards PRI supporters.

Similarly, the opposition allege that the delivery of voter identification cards has been selective. Of the 39m people on the electoral roll, only some 36m have received their cards. The cardless 3m, suspects Mr Cardenas, are predominantly opposition supporters.

While there may have been no deliberate fraud, the opposition parties still have to contend with the monolithic power of the Mexican government, whose tentacles reach into every part of society. The PRI benefits from a monopoly television company that is a self-professed supporter of the ruling party. Most local and national newspapers support the government, thanks to the indirect government financial backing they receive.

The PRI candidates are much better funded by their supporters than the opposition because of their access to government. In the state of Guanajuato, for example, the PRI is outspending the centre-right National Action party (PAN) by 15 times, according to PAN candidate Mr Vincente Fox. This week the outgoing governor of Guanajuato will hand out in the city of Leon a staggering 15,000 land deeds, mainly to farmers without legal title to their land, in a crude attempt to boost the candidacy of the PRI candidate Mr Raymon Aguirre. As Mr Cardenas says: "We are not competing with a political party; we are competing with a state."

Predictions that this all-powerful state would fall apart after the 1988 elections have not materialised, mainly thanks to Mr Salinas's forceful and popular leadership, after the weak presidency of his predecessor, Mr Miguel de la Madrid. In his three years as president, Mr Salinas has broken many of the traditional Mexican taboos – from the arrest of supposedly all-powerful oil union worker, Joaquin "La Quina" Hernandez, to the free-trade agreement decision – only to see his popularity rise further.

Most Mexicans now believe that the country is heading in the right direction. According to a recent survey by Gallup International, some 70 per cent think they will be better off in 1994 than they are now. "Millions of Mexicans," says Mr Reyes Heroles, of the journal Este Pais, "want an all-powerful president who in a few days can solve all their problems." This is what Mr de la Madrid failed to deliver, and what Mr Salinas, with his reputation as a bold economic reformer, has achieved.

The improvement in the economy, especially the prospect of access to US markets, has also brought many of Mexico's businessmen back into the PRI fold. Mr Fox, for example, complains that many of his fund-raisers in 1988 have now switched to the PRI. In last month's gubernatorial election in Nuevo Leon, where most of Mexico's big businesses are located, the PRI won easily, thanks to support from most of business leaders.

The poor, too, have benefited from Mr Salinas's pet project, known as the Solidarity programme, that has channelled $3.5bn to impoverished communities through public works projects since Mr Salinas was elected president. Opposition critics accuse the programme of being a blatant vehicle for vote-buying. Others complain that the Solidarity hand-outs undercut existing government agencies, such as the ministry of education, roads and transport. But undoubtedly the programme has boosted Mr Salinas's domestic image. Under his stewardship of the economy, inflation is set to fall below 20 per cent this year from 160 per cent in 1987; the economy grew by 3.9 per cent last year and should grow by more than 4 per cent this year; unemployment, according to official figures, is falling.

The government's economic policy has had another effect; it has pushed the once-confident opposition on the defensive. The PAN and PRD have become divided internally. Without a clear programme of their own, both parties have made the conduct of Sunday's elections their main theme during the political campaign. Mr Fox has made the monolithic power of the PRI the central plank of his bid to be governor. Similarly, Mr Cardenas says: "The election imposes itself over and above all other issues." This concentration on the election itself, rather than on economic and social issues, seems to have had a negative impact on voters.

But it has had little effect on Mr Salinas. The president has on several occasions suggested that economic reform must take precedence over political change. If the PRI wins easily on Sunday, Mr Salinas will probably take that as a sign that the public broadly agrees with him. Political change will have to take a back seat.

If the PRI, along with the smaller co-opted parties, manage to obtain a two-thirds majority in Congress, the president will want to overturn constitutional limitations on foreign investment in Mexico: at the moment Mexico's 1973 foreign investment law (partly superseded by subsequent decrees) limits foreigners to a 49 per cent minority shareholding in investments. The government also plans to open up the petrochemicals sector to further foreign investment.

Mr Salinas may tackle Mexico's agrarian reform laws – by making it more difficult for peasants to appropriate land from other farmers. He might, if Sunday's victory is overwhelming, give Mexico's quasi-communal farmers, known as ejidatarios the right to buy their own land. That, he hopes, will promote private investment in Mexican agriculture which is currently inhibited by insecurity over tenure.

Some of these reforms may wait, since the president does not want to give away his best bargaining chips before negotiations over the free trade agreement with the US are completed. But it is almost sure that with these elections successfully out of the way, President Salinas will continue with the economic reforms that have distinguished his presidency. Political reform will have to wait.

BOOK REVIEW

Different but not unique

IS AMERICA DIFFERENT?
Byron E. Shafer (editor)
Clarendon Press, £35

Like all imperial cultures, America's is for export – and is reaching further and faster than any since Rome extended its influence throughout the known world in the century after Christ. But what is the American model, and how is it changing?

Byron Shafer and other leading American social scientists look at those themes through the prism of "American exceptionalism". It is a notoriously slippery concept: most nations see themselves as different, and most are proud of it. In the ascendant they are proudest of all, and produce Kiplings, Nietzsches and Whitmans to celebrate it. As the contributors see clearly, uniqueness depends on time, focus and point of comparison.

That applies to most of the once "exceptional" facets of American life. The absence of socialism no longer makes America different. Christian belief remains pervasive: 70 per cent believe in hell, 67 per cent in angels, a third claim to have had an intense religious experience, and only among college-educated Catholics is devotion waning. But, as Andrew Greeley puts it, "consideration of the rest of the world suggests not that North America is unique, but that Europe is".

In the social and economic sphere, too, American exceptionalism is "fading like an old photograph", according to Peter Temin. Its per capita income is higher, and public sector and public spending (especially on welfare) smaller than in most of Europe. But the cash value of America's state benefits is also high – several times more so, per capita, than in southern Europe, and higher than Britain's in health and education.

Richard Rose places the US, as a rich nation with a not-so-big government, in the same league as Canada, Switzerland, Japan, Finland and Australia – where, taken together, public expenditure averages 35 per cent of national product. By contrast, rich societies with big governments characterise only Scandinavia plus France and Germany. Britain is in the "not-so-rich, not-so-big" class, in company with New Zealand, Spain, Greece and Portugal.

Moreover, differences within the US are as great as the differences between European countries: compare state spending and social conditions in Mississippi and South Carolina with those in Boston and California. Only in its ability to absorb rapid population growth while keeping pace with its industrialising peers in per capita income is post-1870 America unique. Its free immigration and free land went unmatched abroad: had there been no immigration after the Revolution, America's population in 1920 would have been about half its actual size. But mass immigration ended in the 1920s, and in recent decades the melting pot has been distinctly simmering.

It is in the political sphere that claims to exceptionalism remain most credible. America's federal system is stronger and longer-lived than any outside Switzerland. Its trade unions are feebler, its politics dearer and its lawyers more ubiquitous than elsewhere. Its government – called, significantly, an "administration" – is weaker in domestic terms than any in the developed world; and its parties are less-disciplined, less divided yet less contestable than in any other advanced democracy. By British standards, it is democracy run riot: more than 500,000 elected officials, one for every 478 citizens, and in some states referenda on everything from tax rates to drain pipes.

Even there, however, the "city on a hill" is a powerful attraction. Federalism and the separation of powers are in vogue. Boris Yeltsin is but the latest of George Washington's re-incarnations. Europe's party systems are looking increasingly like America's, and not only in Britain. As Seymour Martin Lipset observes, even Italy's Communists, renamed the "party of the democratic left", have redefined their objectives in terms resembling those of the US Democrats (and with as much electoral success to date).

But if institutions can be copied, cultures cannot be reproduced – at least, not so easily. America's distinctive combination of populist, voluntarist, protestant and egalitarian traditions is not for export. Even at home, it is an unstable mixture. Populism and lack of respect for authority contribute to high crime rates, school unrest and low voter turn-out. The same moralistic fervour which makes for patriotism (and made for Prohibition) produces fierce opposition to wars. Concern for civil liberties co-exists with opposition to gun control, affirmative action with hostility to welfare, and so on. "Americans fight each other in their efforts to defend or expand the American creed," writes Lipset.

Richard Hofstadter once remarked: "It has been our fate as a nation not to have ideologies but to be one." In this stimulating volume, Shafer and his colleagues make a significant contribution to explaining that ideology today – and the distinctive American traits which comprise it. Meanwhile, if you are sceptical at the very concept of exceptionalism in the modern interdependent world, try explaining the British constitution to an American.

Andrew Adonis

OBSERVER

Spot the locomotion

■ Whatever is British Rail doing to its locomotives? In the days of steam, the railway companies honoured their locomotives by naming them after kings and queens, dukes and duchesses, castles, cities, and famous figures of mythology. Today, BR veers from the mundane to the surreal in thinking up new titles for its engines.

There are some honourable exceptions. Nothing wrong, for example, with "Earl Mountbatten of Burma" (number 33207) or "The Queen's Own Mercian Yeomanry" (number 47528); and few, surely, would quibble with the decision to name electric locomotive number 90005 "Financial Times".

But whatever possessed the namers when they dubbed locomotive number 47462 "Cambridge Traction & Rolling Stock Depot"? Where is the romance in "Cricklewood" (number 31102). "Hartlepool Pipe Mill" (number 37507) or "Fiddlers Ferry Power Station" (number 56099)? Wherever did they find a locomotive long enough to bear the name "Sir Murray Morrison 1873-1948, Pioneer of the British Aluminium Industry" (number 37423)? And have we not entered the realms of the absurd with "Brookside" (number 86632), "Wigan Pier" (number 86416) and "Songs of Praise" (number 43106)?

This Saturday BR is holding a ceremony to name one of its locomotives "Capital Radio's Help a London Child". All in a good cause, no doubt: but enough to make a train-spotter turn to collecting car number plates.

Clean cut

■ It is hard to see why Nicholas Katzenbach, a former US attorney general and key civil rights player in the 1960's, would want to get embroiled even on the fringes of the BCCI mess. He is not a banker, and after a distinguished career both in politics and business(he was IBM's general counsel for 17 years), he is of an age when others would have called it a day.

Clearly his appointment as chairman of First American Bancshares, in the wake of octogenarian Clark Clifford's resignation, is part of an official effort to insulate the $11bn bank from the BCCI controversy. He is "Mr Clean" in a town where many politicians cannot afford too much scrutiny of their banking ties.With 294 offices in six states, plus the district of Columbia, First American has survived the controversy over its ownership remarkably well. It is still operating normally and has 6000 staff.

Katzenbach wants to establish a trust to hold the stock of First American's ultimate parent, CCAH. When the super-regional banks were looking to build their franchises,before the US real estate slump, First American was one of the more tasty morsels, and may well still be if its ownership can be sorted out.

Brum, brum

■ Dear old Birmingham – most exciting city in Europe, more canals than Venice and so on – is sufferring from one of its periodic identity crises. The city fathers, the local City action team, and the Heart of England Tourist Board have had to stoop to hiring a couple of London public relations firms to devise a marketing plan, but still no one seems able to come up with a catchy slogan.

"Birminghambition" and "Up and Brumming" are the only suggestions so far and they have gone down like lead balloons in Britain's second city.

Ever anxious to help, Observer offers a bottle of champagne to the armchair marketing whiz who can provide the best verbal brum-boost of no more than four words.

"I'm looking forward to spending more time with my family."

North's debut

■ Richard North, Burton's new finance director, was sounding understandably pleased with himself yesterday. A week ago it was looking as if his first money-raising exercise for his new employer was going to be a flop. However, even Burton's sternest critics(and there are still quite a few out there) had to admit that an 88 per cent takeup of a one for one rights issue could not be described as a failure.

Obviously it helped to have a stock market hitting new highs and the likes of Cazenove and BZW twisting a few arms. Nevertheless, the 41-year-old North has done a good job. The rights issue has solved the company's immediate financial problems and the big institutions seem to have increasing confidence in North as a steady hand on the financial tiller.

At Coopers & Lybrand Deloitte, where he headed the merger and acquisition department, he advised the likes of Sir James Goldsmith and was involved in many of the biggest takeover battles from Pilkington to Consolidated Gold Fields. With the rights issue behind him, it is hard to see how the humdrum life of a retailing finance director can offer the same excitement.

However, North insists that it is much more fun being a principal than an advisor. No, he has not seen any sign of an economic upturn, but when it comes "every one per cent rise in like for like sales adds £8m to our bottom line." He sounds like he would also make a good salesman.

Bombed out

■ Not many companies boomed during the Gulf war. But Airfix, which makes the model kits on which British schoolboys have long played out their military dreams, turns out to have been a little-noticed beneficiary.

According to a news agency report, Airfix said it saw sales of model fighters rocket during the conflict as the public was bombarded with relentless television footage of aircraft on bombing missions.

Sadly, they correspondingly dive-bombed after the war ended. Now that Tornados and Jaguars are passe. Airfix is searching around for another theme to set the model maker's imagination on fire. Serbian tanks, one suspects, probably would not do the trick.

Spot on

■ A new book on "Business and accounting ethics in Islam" has just been launched with a press release commenting that "The BCCI affair has enhanced interest in Muslim attitudes towards business and finance." One of the co-authors is Trevor Gambling.

A taste of things to come for consumers

UK food retailers are slashing prices. **John Thornhill** questions prospects for a full-scale war

If you are a supermarket shopper you will doubtless [redacted] glad to read in both the editorial and advertising columns [redacted] the tabloid [redacted] that a [redacted] has just broken out [redacted] the UK [redacted] trade.

[redacted] shareholder who has backed the series of £1.5bn rights issues from the three leading food retailing companies this [redacted] then you will [redacted] relieved to hear from their directors that nothing [redacted] than [redacted] aggressive bout of price promotions [redacted] begun.

The [redacted] varies according to the audience: [redacted] price wars in the grocery trade [redacted] in danger [redacted] descending into a battle of semantics.

Tesco's move [redacted] the [redacted] 500 [redacted] products [redacted] one [redacted] by up [redacted] half has raised [redacted] of the industry's big battalions slugging it [redacted] to match [redacted] other's downward-spiralling prices. The day after Tesco's initiative the Asda chain immediately undercut [redacted] the prices [redacted] of [redacted] products.

These moves [redacted] jitters around [redacted] City, and [redacted] shares [redacted] the leading food retailers [redacted] tumbled, wiping millions of pounds off the value [redacted] J Sainsbury, Tesco, [redacted] Argyll Group and Asda.

Traders wondered whether this [redacted] beginning [redacted] industry's unravelling whereby prices [redacted] slashed, margins [redacted] eroded and the whole investment arithmetic which [redacted] underpinned [redacted] leading companies' prodigious growth over [redacted] previous [redacted] was undermined.

[redacted] revert to [redacted] conditions [redacted] 1970s [redacted] out following the price-slashing [redacted] of Tesco's Oper-[redacted] Checkout in 1977 [redacted] J Sainsbury's Discount 1978?

But [redacted] comparison [redacted] misleading.

[redacted] retailing in [redacted] UK [redacted] during [redacted] 1980s and [redacted] now clearly [redacted] in [redacted] of the big [redacted] a full-blooded price [redacted] – which could [redacted] attempt [redacted] win [redacted] by reducing prices on [redacted] selection of products.

In launching [redacted] price offensive a [redacted] would [redacted] gamble [redacted] slimmer trading margins – resulting from lower prices, higher [redacted] distribution and [redacted] holding [redacted] possibly [redacted] spending on marketing – would [redacted] by increased volumes.

Although it may [redacted] possible [redacted] such an advantage in [redacted] short run it would be [redacted] difficult to sustain [redacted] period of months. Industry executives privately suggest that it would take at least a 25 per [redacted] increase [redacted] justify [redacted] a policy. The possibility of achieving such increases would be [redacted] – and would in [redacted] probability stretch distribution [redacted] beyond their limits.

A comprehensive level of information about [redacted] others' pricing [redacted] – Asda, for example, [redacted] prices [redacted] competitors' [redacted] every week – and [redacted] operational flexibility resulting [redacted] widespread [redacted] of computers have [redacted] that any multiple [redacted] can change [redacted] prices [redacted] match [redacted] a competitor within [redacted] matter of hours.

"Anybody can [redacted] price [redacted] but nobody can win one," [redacted] Mr Paul Dowling, [redacted] corporate affairs director.

Sir Ian MacLaurin, Tesco's chairman, concurs: "If anybody had a go on prices nobody would let us get away with it as we did in 1977."

There is also a sense in which the industry is in a state of permanent price war, Sainsbury's argues. The critics may believe that the minimal price differences between the leading multiples on a wide variety of common branded goods smacks of collusion but the industry argues fiercely that it is the result of highly efficient market [redacted] petrol retailers, no [redacted] can afford [redacted] be out of line [redacted] their competitors on a range of "known value items".

Rather than being [redacted] shot in a price war, industry [redacted] Tesco's move [redacted] be [redacted] publicity [redacted] position [redacted] in shoppers' minds [redacted] being fully price-competitive.

"They [redacted] prices drift up [redacted] now [redacted] crash some [redacted] down," says [redacted] competitor rather more unkindly.

Mr [redacted] Clark, an analyst at Corporate Intelligence Group, [redacted] retail consultancy, says: "This is the first price skirmish. It is not a battle let alone a war. We think in the long term there is plenty of scope for more competitive pricing in [redacted] retailing. [redacted] in the short term we see this as [redacted] tactical manoeuvre by Tesco to capture the high ground on pricing [redacted] reaction [redacted] from [redacted] competitors."

[redacted] multiples [redacted] up serious price [redacted] it for them? [redacted] the dynamic growth of the [redacted] force [redacted] multiples [redacted] directly with [redacted] on price.

The growth [redacted] discount [redacted] certainly [redacted] publicity [redacted] months. The Gateway chain has launched [redacted] popular discount format called Food Giant in Bulwell, Nottinghamshire, [redacted] 10,000 cut-price [redacted] in warehouse-type [redacted] Co-operative Retail Services [redacted] converted [redacted]

Moreover, the much-public-[redacted] arrival of [redacted] very suc-[redacted] Europe [redacted] Aldi of Germany, and [redacted] of Denmark, have [redacted] them opened [redacted] the UK [redacted] reported [redacted] expand extensively.

[redacted] placed [redacted] perspective. A recent circular [redacted] Crosthwaite, [redacted] stockbroker, argued that Aldi's [redacted] heralded arrival [redacted] the UK market had so far proved to be "distinctly underwhelming". They estimated [redacted] Aldi's [redacted] shops turned [redacted] about £95m a [redacted] and [redacted] retail sales probably only [redacted] one-tenth of 1 per [redacted] of market [redacted]

In total, discounters only [redacted] an 8 per cent share [redacted] food sales and although [redacted] may increase in coming [redacted] they are hardly likely to [redacted] tate [redacted] market's pricing structure nor [redacted] the whole thrust of the multiple's drive upmarket in the 1980s.

[redacted] fact is [redacted] for [redacted] past decade consumers have been [redacted] a [redacted] between [redacted] pure price format and [redacted] that [redacted] wider [redacted] quality, and service – [redacted] most have overwhelmingly opted for the latter. Kwik Save, which runs 750 discount stores, has [redacted] operating most efficiently [redacted] the cut-price market for more than 20 years consistently [redacted] goods [redacted] prices [redacted] cent [redacted] where. Although it has thrived in its sector it has certainly not cracked the overall market and has left the big multiples unscathed to develop their own segments in their own way. The discounters are unlikely to provoke a full-scale price war but the renewed debate on food prices may well lead to a subtle evolution [redacted] public [redacted] tions.

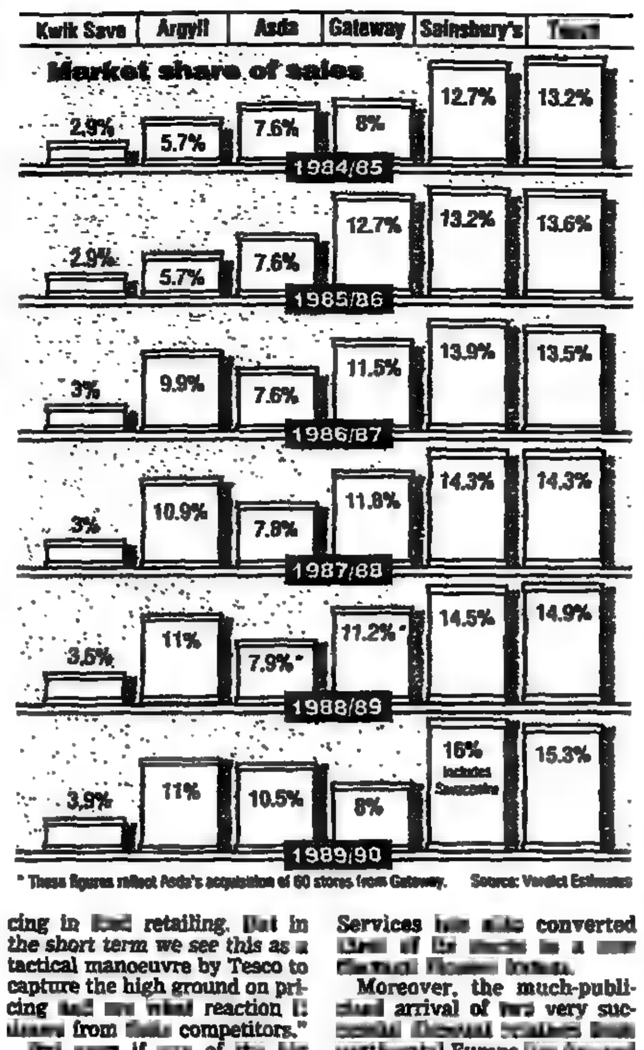
It has been a truism in recent years that the shopper has been largely de-sensitised to the question of price, preferring quality and range. Mr Bob Willett, Gateway chairman, says: "Price is never out of the equation. [redacted] only [redacted] of [redacted] important factors [redacted] important." But this may change.

The recession coupled with the wave of publicity about the prevalence of discount offers may bring price back to the forefront of shoppers' priorities. Consumers may begin to question whether the £20m superstores which offer an enormous range, from branded Scotch whiskies to Brazilian paw paws, is exactly what they wanted after all.

Any such change is likely to result from an evolution of attitudes rather than a revolutionary break with past preferences: an increasing preference for keen prices at the expense of additional quality. The beginnings of the process are perhaps detectable.

This week, for example, Mr Denzil Davies, the Labour MP, wrote to Sir Gordon Borrie, the director-general of fair trading, asking him to investigate further why prices were so high in supermarkets. He referred to the out-of-town supermarkets as "temples" of retailing but questioned whether they really offered shoppers the best deal in terms of price.

If a politician raises such a question in public, it is a fair bet that many a shopper has already done so in private.



* These figures reflect Asda's acquisition of 60 stores from Gateway. Source: Verdict Estimates

David Gardner argues that the EC must revise the way it views the current Yugoslav revisionism

Democratic weapons in fight for statehood

"Right: now's your chance [redacted] win [redacted] Nobel peace prize. Got any ideas? Come on, I'll [redacted] them into the meeting."

That [redacted] a UK official at last week's emergency meeting of EC foreign ministers in the Hague, parrying journalists' carping at the Community's apparent paralysis [redacted] Yugoslavia. British pragmatism aside, [redacted] have [redacted] point.

For what, precisely, can the Community do, which it [redacted] not already doing?. Indeed, [redacted] anybody else do anything further? The "EC – [redacted] your act together" pundits seem [redacted] suggesting [redacted] variety of options.

These include: let [redacted] Yugoslavs rot; abandon the EC's (bureaucratic/legalistic) fetish about consensus; invade (to enforce "the peace" [redacted] teach the Serbs [redacted] lesson); [redacted] recog-[redacted] Slovenia [redacted] Croatia [redacted] independent nations.

[redacted] of the first three have the look of workable solutions. Recognition, on the other hand, is do-able, [redacted] it is [redacted] of the few cards the [redacted] holds [redacted] played lightly [redacted] early – and ideally [redacted] before [redacted] of the confusion about self-determination is cleared up.

The Community has not been altogether sure-footed, and the rudimentary foreign policy co-ordination mechanisms of the Twelve have not measured up [redacted] the Yugoslav crisis. This suggests that a) the EC needs [redacted] much [redacted] integrated method of developing external policy; but b), that the [redacted] of the crisis [redacted] that [redacted] not have acted very differently [redacted] if [redacted] had had [redacted] developed Common Foreign [redacted] Security Policy.

Certainly, [redacted] has made mistakes. Until the first "troika" shuttle [redacted] the end of June, it [redacted] insisted uncritically [redacted] Yugoslavia maintain [redacted] costs the constitutional arrangements of its already disintegrating federation. There was, until then, little feel for what was driving events in Yugoslavia, and therefore a reduced chance of shaping their outcome.

Equally, there is little [redacted] gest that if the [redacted] had called earlier for talks between [redacted] Yugoslavs [redacted] a new, looser confederation, that this would have deflected Mr Slobodan Milosevic, [redacted] Serbian president, from proceeding to assemble the elements of [redacted] Greater Serbia.

Yet [redacted] EC [redacted] into the crisis, and has had to improvise [redacted] response. Though the Community is itself the product of a long period of European civil [redacted] fuelled by militant nationalisms, it [redacted] seemed [redacted] loss [redacted] deal with the Yugoslav throwback to pre-1945. [redacted] uncertainty [redacted] only from [redacted] fact [redacted] land-grabs by [redacted] nation [redacted] another have been unknown in post-war Europe. It [redacted] also because the EC, and [redacted] international community [redacted] whole, does not have a practical policy on self-determination: ie: the theoretical right, enshrined in [redacted] UN charter, of [redacted] nationalities [redacted] govern themselves. It has been able to [redacted] without one, [redacted] less, because within EC borders there have been enough democratic weapons available for most national minorities to pursue their claims.

[redacted] self-determination [redacted] central issue [redacted] Yugoslavia, as well [redacted] in parts of the [redacted] of eastern Europe and [redacted] Soviet Union, where [redacted] old ethnic/national fault lines buried by communism have re-emerged. Yugoslavia has demonstrated that it is [redacted] an issue which [redacted] be ducked any longer.

Self-determination, however, [redacted] slippery principle [redacted] define, let alone apply. The 35-nation Conference on Security and Co-operation in Europe – which groups all the [redacted] affected by the new nationalist eruptions on the continent – last month strove [redacted] fully towards a definition. The issue [redacted] becoming clearer [redacted] will probably [redacted] long [redacted] to codify.

What [redacted] needed immediately in dealing with nationalist con-[redacted] is [redacted] build up [redacted] international [redacted] some basic principles to [redacted] applied. Two of the most important [redacted] tained in last week's Declaration on Yugoslavia by the EC foreign ministers meeting. These [redacted] that changing inter-[redacted] international borders by force is unacceptable, and that ethnic minority rights must [redacted] guaranteed within [redacted] for independent [redacted]

The Community [redacted] in [redacted] finding Serbia guilty on [redacted] and Croatia (though [redacted] so) on count two. More broadly, it [redacted] saying that whatever self-determination is, [redacted] whoever [redacted] eligible for it, it has [redacted] achieved by negotiation.

But [redacted] problem then gets knottier. What happens, if and when the former Yugoslavs sit down [redacted] talk, with the much-aggrandised [redacted] holding the whip hand? The Croats, [redacted] nians [redacted] so on will very likely have [redacted] Mr Milosevic and his [redacted] at least some of [redacted] they have [redacted] by force.

[redacted] this [redacted] purely internal affair, for the Yugoslavs alone [redacted] decide? Surely [redacted] be, given [redacted] way [redacted] precedent might resound across central Europe. The only [redacted] to dis-[redacted] land-grabs and counter-grabs throughout [redacted] Soviet Union and its former buffer [redacted] a [redacted] changing disputed internal frontiers by [redacted] international [redacted] extending [redacted] external border, [redacted] Iraq did by absorbing Kuwait. This means [redacted] the EC [redacted] continue [redacted] future Greater Serbia [redacted] an international outlaw – [redacted] its neighbours and former part-[redacted] come [redacted] accept its new borders.

To establish such a [redacted] sus, [redacted] way [redacted] prejudice the right [redacted] self-determination itself, would require [redacted] to seek [redacted] support within [redacted] and [redacted] UN. [redacted] consensus would of [redacted] to apply [redacted] peoples [redacted] Europe [redacted] – notably [redacted] Basques in Spain [redacted] the [redacted] in Britain, who [redacted] further autonomy [redacted] independence.

Systematically repudiating [redacted] Milosevic and future imita-[redacted] not resolve [redacted] frequently irrational [redacted] of self-determination. But [redacted] nevertheless could make clear that national claims, in [redacted] prosper, have [redacted] be resolved rationally; and help [redacted] to the past the [redacted] that aspirants to nationhood have [redacted] price in blood.

LETTERS

Chemicals code of conduct

From Mr Justin Stephenson.

Sir, Recent news stories may have left a false impression in readers' minds about the attitudes of chemical companies towards the export of materials which could be used in the manufacture of chemical weapons.

For many years, member companies [redacted] the [redacted] Industries [redacted] have [redacted] quite [redacted] measures [redacted] make sure [redacted] potentially lethal [redacted] do [redacted] fall into the wrong hands.

The export controls working party [redacted] our association, along with representatives of [redacted] British Pharmaceutical Industry (ABPI) and the Chemical Distributors and Traders Association (BCDTA), has designed a code of conduct specifically aimed at preventing the diversion of chemicals into the illegal production [redacted] drugs or chemical [redacted]

The [redacted] requires [redacted] companies [redacted] keep [redacted] all [redacted] as [redacted] concern by the "Australia Group" [redacted] chemical [redacted] all [redacted] which in the UK now require an export [redacted] Further, [redacted] includes [redacted] requirement for them [redacted] mit quarterly reports [redacted] quantities [redacted] the countries [redacted] which they [redacted] actually exported.

The Department of Trade and Industry is speaking for [redacted] about what it [redacted] and [redacted] did to police the movement [redacted] chemi-[redacted] Iraq. The chemical industry has, I can assure you, not only played by the [redacted] voluntarily established [redacted] conduct which goes beyond the official requirements.

Justin Stephenson,
international trade [redacted],
Chemical Industries Association,
Kings Buildings,
Smith Square SW1

Sensible?

[redacted] Mr Jonathan [redacted] Haw.

Sir, Do you really think that Observer's tailpiece (August 9) was responsible (or sensible) journalism? Presumably you think that (commentless) [redacted] read the FT?

Jonathan [redacted] Haw,
27 [redacted]
Islington [redacted]

Status puts chambers in Britain at disadvantage

From Mr Peter [redacted]

Sir, I was disappointed by the conclusion in your [redacted] ("Small [redacted] champions", August [redacted] on the [redacted] by the Association of British Cham-[redacted] Commerce to develop [redacted] so [redacted] to provide both the [redacted] and, more importantly, the quality [redacted] vice [redacted] members [redacted]

You [redacted] that [redacted] should be putting all our [redacted] into improving and extending our services with a demonstrable [redacted] competence [redacted] our own [redacted] We [redacted] in [redacted] voluntary organisations [redacted] so [redacted] disproportionately from non-renewal [redacted] memberships [redacted] difficulties in recruitment during [redacted] time [redacted]

[redacted] endeavouring [redacted] match our continental Euro-[redacted] counterparts, both in the [redacted] and quality of [redacted] which [redacted] provide to our members. However, [redacted] is one [redacted] nificant difference which [redacted] ability to do [redacted] which stems directly [redacted] our non-legal [redacted] Earlier [redacted] I led [redacted] Groningen in northern Netherlands, a city and province similar in [redacted] and economic character to Teesside and Cleveland in northern England. Groningen Chamber [redacted] Commerce, which [redacted] public law status requiring compulsory membership of local businesses, has some 12,000 members and a base annual income of £1.3m. Teesside and District Chamber of Commerce and Industry has a membership in excess of 1,000 generating a base annual income from subscriptions slightly in excess of £130,000. Can you tell me how we can provide a comparable level of services to our members when there is such an enormous discrepancy in our annual income? The chamber movement in the UK is not asking for subsidies or handouts, just to be paid for the delivery of services which government, through the Department of Trade and Industry and Department of Employment, wishes to have delivered to the business community.

Chambers [redacted] Commerce throughout [redacted] UK [redacted] only truly representative [redacted] the business community and, as such, we [redacted] they should have [redacted] government to [redacted] their successful [redacted] in [redacted] be effective [redacted] community.

Peter Crowe,
chief executive,
Teesside and District Chamber of Commerce,
Middlebrough

The family and society's needs

From [redacted] George [redacted]

Sir, [redacted] Halsey's Per-[redacted] family [redacted] be [redacted] important pieces on [redacted] social policy to have appeared in [redacted] broadsheet [redacted] long day. [redacted] recommendations, however, [redacted] only on his stated "ethical socialism" (presumably in contrast to the materialist brand). They will be supported by the "ethical" elements in the other political parties.

Many will know from experience or observation that it is possible [redacted] parents to [redacted] professional [redacted] accepting and successfully realising full family responsibilities. [redacted] secret [redacted] that one or other [redacted] ent, usually the mother, [redacted] the [redacted] job conveniently [redacted] hand [redacted] all out [redacted] which [redacted] be [redacted] fulfilling. (If this seems like male chauvinism, therein [redacted] part of the problem.)

An increasing proportion of mothers must work outside the home if society's future needs are to be met. Arrangements must be provided to reconcile the family, single or two parent, with this pressure – whatever the fiscal cost.

Jean and George Allen,
West Woodlands,
Newton Tracey
Barnstaple, Devon

Sensitivity of TV growth rates

[redacted] Dr [redacted] Taylor.

Sir, Philip Carse [redacted] Communications argues (Letters August 14) that "historic evidence suggests [redacted] the [television advertising] market should [redacted] significant real growth during the franchise period". [redacted] learn from TVS's rights [redacted] documents that NERA [redacted] real [redacted] compound growth [redacted] total television adver-[redacted] revenue for 1993-97 [redacted] 7.4 [redacted] – compared with 5.8 per [redacted] for [redacted] inclusive.

In [redacted] words, the [redacted] projected [redacted] show [redacted] advertising growth [redacted] than the 1980s (adjusted to exclude the recession [redacted] the beginning nd end [redacted] the [redacted] period which included [redacted] greatest consumer boom of modern times. This [redacted] despite [redacted] that membership [redacted] the ERM [redacted] incompatible with [redacted] housing boom [redacted] the [redacted] con-[redacted] spending, and [redacted] advertising, [redacted] such exceptional [redacted] growth.

The profitability [redacted] broadcasting in the [redacted] highly [redacted] assumed [redacted] growth rates. Taking [redacted] figure [redacted] in [redacted] corresponding to [redacted] larger [redacted] regions, [redacted] difference in [redacted] the 7.4 [redacted] NERA [redacted] of [redacted] to [redacted] in real [redacted] This [redacted]

Sheer commercial prudence would suggest that bidders err on [redacted] lower side, to avoid [redacted] of being [redacted] a crippling index-linked overhead paid to [redacted] Treasury.

Simon Taylor,
media analyst,
Robert Fleming Securities,
25 Copthall Avenue,
London EC2R 7DR

Costly lesson

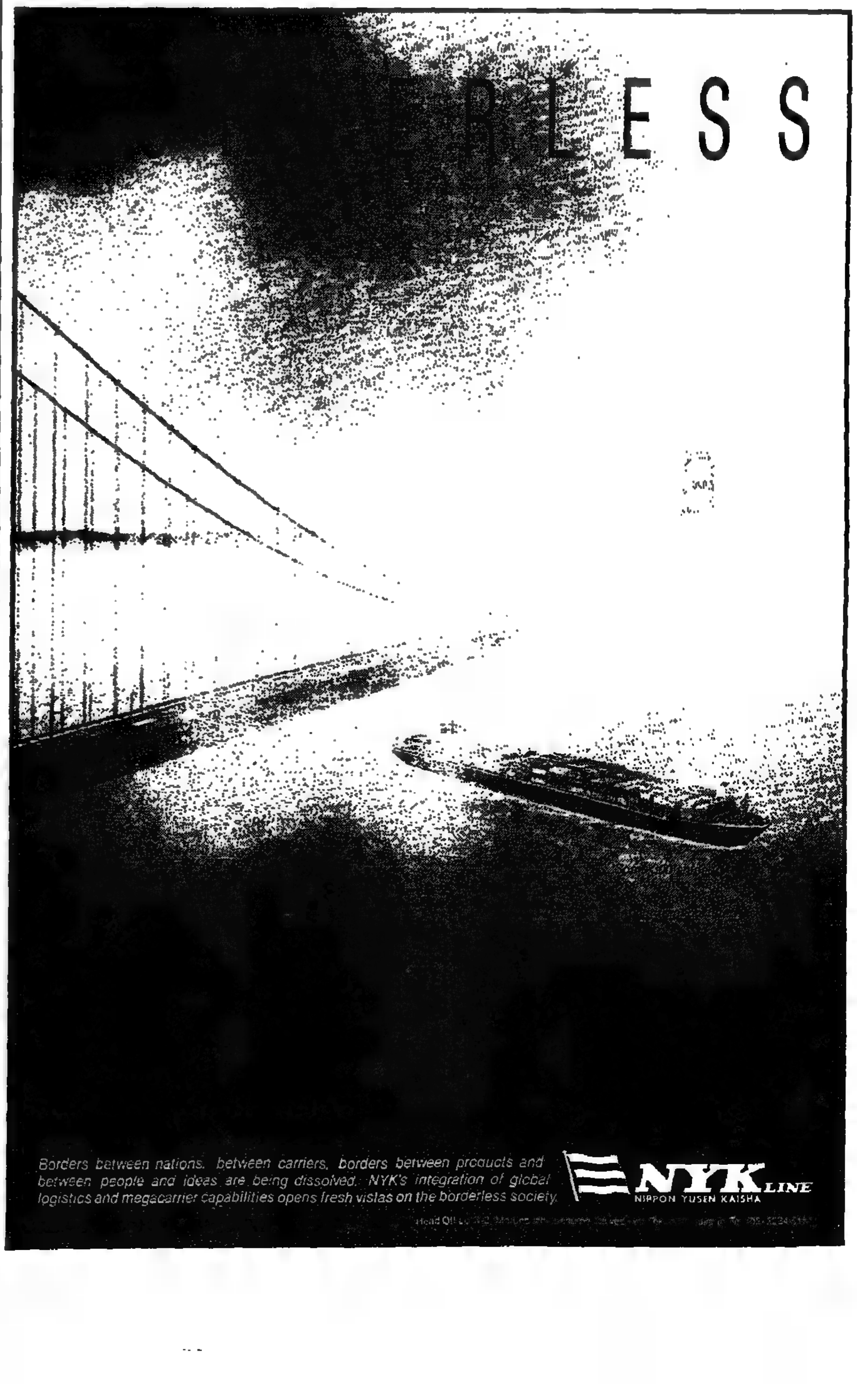
From Mr Graeme Livingstone-Wallace.

Sir, Your story, [redacted] in UK" (August [redacted] "...after [redacted] government introduced full cost tuition [redacted] for non-British nationals..."

We have [redacted] sons, both [redacted] in Britain [redacted] parents, holding British passports, edu-[redacted] now at [redacted] which [redacted] paying the full [redacted] on [redacted] that we, [redacted] parents, live outside [redacted] UK, and, [redacted] punitively, [redacted] EC. [redacted] one, [redacted] Livingstone-Wallace,
[redacted] *Vevey,*
[redacted]

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.



FINANCIAL TIMES
Thursday August 15 1991

Financial companies and banks accepted fraudulent documents 'without question'

Further arrest in Japanese loan scandal

By Steven Butler in Tokyo

THE Y342bn ($2.51bn) fraudulent loan scandal involving the Toyo Shinkin Bank widened yesterday when Osaka prosecutors arrested the branch manager [redacted] local consumer credit company, who [redacted] mishandling financial instruments [redacted] for collateral.

The [redacted] possibility of [redacted] even bigger [redacted] complex fraud than was initially revealed.

The [redacted] is consuming [redacted] Japanese media, which [redacted] divided between [redacted] scandal's potential seriousness and its actual bizarreness [redacted] implausibility.

There has been [redacted] believable explanation yet [redacted] the [redacted] that Ms Nui Onoue, an [redacted] restaurateur and mah-jongg parlour operator, whose businesses, according [redacted] paper, had a turnover of about Y1bn a year, [redacted]s apparently able [redacted] loans worth [redacted] than 300 times this amount from reputable financial institutions on the basis [redacted] fraudulent documents issued by Toyo Shinkin, a small credit union.

Toyo Shinkin's entire deposits [redacted] only [redacted] but non-bank [redacted] companies and banks, including [redacted] Industrial [redacted] Japan, apparently accepted [redacted] documents without question.

The IBJ, [redacted] of Japan's [redacted] prestigious institutions, whose main business is long-term lending for industrial development, [redacted] yesterday [redacted] it had lent money to Ms Onoue. It would [redacted] confirm [redacted] reports that it had lent her even more than that collateralised by [redacted] fraudulent [redacted]cates [redacted] deposit.

The man arrested [redacted]terday was Mr Eiichiro Hayata, former branch manager [redacted] Daishinpan, a [redacted] credit com[redacted] on charges [redacted] of trust.

[redacted] Hayata [redacted] alleged to [redacted] secretly [redacted] to [redacted] Onoue discount debentures [redacted] the Industrial Bank of Japan, which [redacted] being held by Daishinpan as collateral for loans to [redacted] Onoue.

The debentures, which were physically [redacted] cial bank, had [redacted] value of Y10.7bn.

Daishinpan had originally [redacted] some Y20bn [redacted] Onoue, although about [redacted] of [redacted] had [redacted] repaid.

Mr Akira Sakai, managing director at Daishinpan, [redacted] only [redacted] of [redacted] standing loan balance was now backed by collateral.

[redacted] herself [redacted] emerged [redacted] point of great curiousity in the affair. [redacted] owned [redacted] highly [redacted] taurant and mah-jongg parlour in Osaka which [redacted] frequented by business executives and senior local government officials.

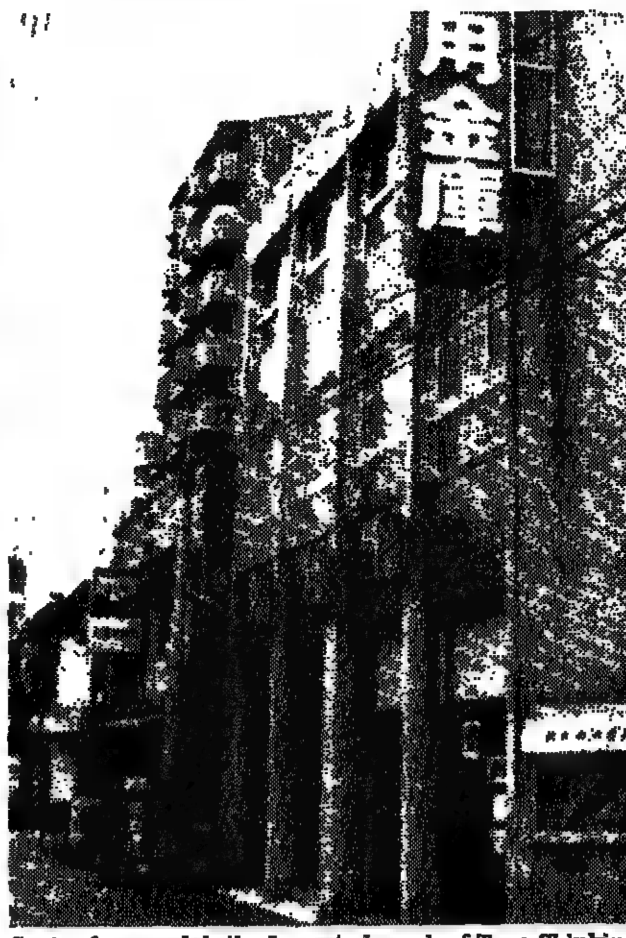
[redacted] Japanese [redacted] reported [redacted] her [redacted] included gangsters, although there is no hint yet of any link [redacted] scandal and organised crime.

[redacted] restaurant [redacted] also a collection point for salesmen in the securities business, and she is said to have boasted that her [redacted] decisions [redacted] revealed [redacted] through divine inspiration.

The implausibility of the affair [redacted] many observers with [redacted] sense [redacted] important pieces [redacted] puzzle have yet to [redacted] put in place.

[redacted] might [redacted] that [redacted] will claim fresh victims, but [redacted] remains possible that bank supervision [redacted] been far [redacted] lax and open [redacted] manipulation [redacted] anyone could have imagined.

The Bank [redacted] Japan [redacted] to comment on reports that emergency funds had been supplied [redacted] the Toyo Shinkin Bank, although the central bank had earlier [redacted] that [redacted] remained ready [redacted] support Toyo Shinkin financially [redacted] lender of last resort.



Tomomi Maekawa

Nui Onouye

Centre for scandal: the Imazato branch of Toyo Shinkin Bank [redacted] Tomomi Maekawa was [redacted] Tuesday on suspicion of forging deposit certificates for Nui Onoyue

UK soft drink groups face monopoly move

By Ralph Atkins and Philip Rawstorne in London

[redacted] DRINK manufacturers in Britain face [redacted] the Department [redacted] and Industry [redacted] end [redacted]tive practices in [redacted] supply [redacted] products to [redacted].

A Monopolies [redacted] Mergers [redacted] investigation over 16 [redacted] found [redacted] a "complex monopoly" exists in the distribution of carbonated [redacted] drinks to [redacted] fast [redacted] shops, clubs [redacted] hotels.

[redacted] Peter Lilley, UK trade and industry secretary, is likely [redacted] ask [redacted] undertakings from the [redacted] drinks compa[redacted] modify practices that he decides are against [redacted] public interest. The request [redacted] likely [redacted] backed with [redacted] threat of [redacted] order [redacted] make changes if they are not [redacted] voluntarily.

[redacted] drinks industry [redacted] dominated by [redacted] groups, [redacted] together [redacted] for more than half the [redacted] litres of carbonated soft drinks sold in [redacted] UK last [redacted].

[redacted] for [redacted] half the [redacted] UK [redacted] of [redacted] drinks, which also [redacted] juices, [redacted] and [redacted] a fifth of [redacted] are sold through [redacted] in [redacted] catering and licensed trades.

[redacted] estimates suggest [redacted] Coca-Cola [redacted] Schweppes Bever[redacted], a joint venture between [redacted] US [redacted] UK companies, [redacted] about 30 per [redacted] of [redacted] ($9.3bn) [redacted] drinks market. Britvic, [redacted] by brewers including Bass, Whitbread and Allied Lyons, as well as [redacted] drinks [redacted] Pepsico, takes about 20 [redacted].

A sharp [redacted] in [redacted] during [redacted] was [redacted] certainly helped by heavy advertising by [redacted] main companies. Nearly £61m [redacted] on [redacted] and [redacted] advertising of soft drinks [redacted] last [redacted].

The MMC report is believed to express concern at [redacted] grip individual companies have over the range [redacted] drinks [redacted] leisure outlets. There is also understood to [redacted] of [redacted] control [redacted] groups with brewing [redacted] exert over the supply of [redacted] drinks [redacted] pubs.

The report [redacted] drinks manufacturers [redacted] monopolistic behaviour in [redacted] market, which [redacted] for 53 per [redacted] sales. Competition, [redacted]ticularly in supermarkets, is [redacted] with [redacted] large number [redacted] own brand products and [redacted] pricing.

At the same time, the complexity [redacted] the UK [redacted] will [redacted] it [redacted] difficult for Mr Lilley [redacted] direct measures specifically at the problem areas.

The companies [redacted] likely to [redacted] that [redacted] a right [redacted] choose [redacted] supplier.

It [redacted] growing dominance of Britvic and [redacted] Schweppes that [redacted] the [redacted] the MMC in April last [redacted]. Some [redacted] manu[redacted] complained they were being inhibited from expanding. Office of Fair Trading [redacted] investigated the complaints found that rapid changes in [redacted] market during the [redacted] half of [redacted] 1980s had created potential for anti-competitive behaviour by the leading companies.

[redacted] consumer demand generated a boom which saw [redacted] value [redacted] the [redacted] more than double between 1985 and [redacted]. Both Coca-Cola Schweppes and Britvic invested heavily in plant and distribu[redacted] facilities.

Virgin joins Atlantic air fares battle

By Paul Abrahams in London

VIRGIN ATLANTIC [redacted] threw itself into an [redacted] fares [redacted] with other transatlantic carriers flying into [redacted] Heathrow airport by offering a return economy flight to New York from as little as [redacted] from September [redacted].

The [redacted] from [redacted] Richard Branson's airline, which competes with British Airways, United and [redacted] Airlines, came as part [redacted] cuts [redacted] up to 25 per cent on economy flights from London to New York and other US destinations. The cheaper fares compare with a full [redacted] fare [redacted] York during the summer [redacted] £658.

United, which [redacted] US-Heathrow [redacted] earlier [redacted] year, responded by saying it would [redacted] any genuine fare reductions. British Airways has already unveiled a 15 per cent cut in fares from the US to the UK, though not the other way across the Atlantic.

The good news for consumers follows the UK government's decision to allow Virgin, United and American Airlines to fly from Heathrow, substantially increasing competition across [redacted].

However, all airlines are suffering from slack demand caused by the recession. BAA, formerly British Airports Authority, announced this [redacted] that North Atlantic traf[redacted] Heathrow was down [redacted] per cent last month from July 1990.

BA has the most [redacted] from a price war [redacted] the Atlantic. Last [redacted] it made an operating surplus of £167m on its [redacted] to the Americas, having dominated the troubled US carriers, Pan Am and TWA. The routes are its most lucrative, generating revenues [redacted] £1.653bn. Yesterday [redacted] shares fell 5p to 179p.

Although all the airlines are reporting reasonable loadings on their aircraft, yields – the amount passengers have paid for their seats – have fallen. The carriers are also worried about forward bookings during the autumn, traditionally a quiet period.

Both United and American have attempted [redacted] stimulate demand by offering double air-mile points. They [redacted] offering a [redacted] for companions of passengers joining their frequent flyer programmes. None of the airlines has announced fare [redacted] on club and first [redacted] tickets.

Businessmen win freeze on Rubin holdings

By Norma Cohen, Investments Correspondent

TWO New York [redacted] have obtained [redacted] orders in Switzerland freezing the holdings [redacted] Mr David Rubin, [redacted] north London businessman who disappeared, owing investors [redacted] estimated £60m.

According [redacted] filed with the [redacted] Court [redacted] the Eastern district [redacted]lyn, [redacted] York, [redacted] business[redacted] charged that Mr Rubin had defrauded them of [redacted] (£1.19m) in [redacted] complicated scheme [redacted] involved the setting up [redacted] bank [redacted] in [redacted] business [redacted]ciate, Mr Elie Elhyani.

L [redacted] M Merchandising Inc, a company owned by Louis [redacted] Moshe [redacted] the [redacted] York courts [redacted] prevent their bank, Republic National Bank, from transferring funds to [redacted] Bank and Trust Company [redacted] Geneva [redacted] an overdraft on an account [redacted] which David Rubin [redacted] power of attorney. La[redacted] yesterday, [redacted] judge [redacted] still hearing arguments in the case.

An [redacted] by [redacted]tenbaum's attorney [redacted] the [redacted] pursued their claims in [redacted] and Switzerland "immediately upon learning [redacted] perpetrated by Rubin not only against L [redacted] M, but against [redacted] series of other per[redacted] and companies across Europe."

The [redacted] documents pro[redacted] the [redacted] glimpse into an alleged fraud in which [redacted] vic[redacted] were largely ultra-Ortho[redacted] in Europe [redacted] the US. [redacted] religious and cultural proscriptions [redacted] dis[redacted] the victims from bringing their grievances [redacted] secular authorities, the Kestenbaums are [redacted] far the only ones to pursue their claims in court.

Although the Bank of England has announced an investigation [redacted] affair, no complainant has come [redacted].

Mr Rubin himself is an ultra-[redacted] Jew [redacted] father is a North London religious leader, [redacted] Sassow.

Among documents filed with the [redacted] copies [redacted] bank [redacted] showing [redacted] an account jointly controlled by Mr Rubin and Mr Elhyani received and dispensed mil[redacted] of dollars, [redacted] Mr Rubin told investors [redacted] had no funds to [redacted] them. Docu[redacted] from [redacted] in Geneva [redacted] on July [redacted] and 19, [redacted] was deposited while £1,378,788.37 was withdrawn. Also at that time, $7.8m [redacted] deposited while $8,714,201.37 [redacted].

However Mr Elhyani, in a telephone interview, has said [redacted] did not [redacted] of or [redacted] the account. Mr Rubin had "power of attorney" [redacted].

Meanwhile, a [redacted] earlier, on July 11, Mr Rubin [redacted] said [redacted] have told investors [redacted] meeting in North London that [redacted] to [redacted] them. The investors had believed they [redacted] lending funds [redacted] Rubin's trading [redacted] which they would [redacted] returns [redacted] 3 [redacted] per month.

Germany likely to lose DM23bn debts

[redacted] **David Goodhart** in Bonn

GERMANY [redacted] likely to lose much [redacted] DM23bn ($13.2bn) [redacted] trade-related [redacted] Soviet Union [redacted] former [redacted] countries owe [redacted] the [redacted] East Germany, according to officials in the Bonn Finance Ministry.

[redacted] reports that [redacted] money had [redacted] written [redacted] but said negotiations with the relevant countries, which had just begun, would be "difficult".

The result will almost [redacted]tainly [redacted] another unwelcome [redacted] to the total [redacted] German unity.

The former [redacted] countries, Czechoslovakia in particular, say [redacted] debts with [redacted] former East Germany should [redacted] waived [redacted] unity has hurt their econo[redacted].

They have lost their [redacted] German export [redacted] companies now buy almost exclusively in the west, and they have lost a large number [redacted] east German tourists who used to visit before [redacted] fall of the Berlin Wall.

They also question [redacted] exchange [redacted] 1 [redacted] rou[redacted] – the unit [redacted] accounting between the [redacted] Union and [redacted] European trading part[redacted] – [redacted] DM2.34, saying that it should be 1 [redacted] 1.

At the 1 [redacted] DM2.34 [redacted] Soviet Union owes [redacted] Germany DM15bn, Poland DM2bn, Czechoslovakia DM1.6bn, Hungary DM1.3bn and Bulgaria [redacted] DM1.2bn each.

[redacted] East German industrial orders fell by [redacted] per [redacted] in April compared with March, and by a further 13.3 per [redacted] in May, according [redacted] figures released by [redacted] Economics Ministry in Bonn.

The ministry said, [redacted], that the position [redacted] signs [redacted] stabilising compared with [redacted] at the beginning [redacted] the year and [redacted] industrial [redacted] figures had been [redacted] by reduced [redacted] from [redacted] Union.

The [redacted] German companies still owned by the Treuhand privatisation agency [redacted] an order inflow generally [redacted] per [redacted] or more [redacted] comparable companies that [redacted] been privatised.

[redacted] customers [redacted] reluctant [redacted] place long-term con[redacted] with Treuhand companies until they know who the longer-term owner [redacted] going [redacted] be.

WORLDWIDE WEATHER

City		°C	°F
[redacted]	S	27	81
Algiers	S	31	88
Amsterdam	F	21	70
[redacted]	S	33	91
Bahrain	S	36	97
[redacted]	C	32	90
Berlin	S	21	70
Biarritz	C	23	73
Bombay	F	28	82
[redacted]	S	33	91
Boulogne	F	22	72
Brussels	S	22	72
Caracas	C	29	84
Casablanca	S	26	79
Chicago	S	16	61
[redacted]	F	[illegible]	[illegible]
Copenhagen	F	18	[illegible]
Corfu	S	33	91
Faro	[illegible]	25	77
Florence	S	32	90
Frankfurt	F	23	73
[redacted]	S	27	81
Gibraltar	C	25	77
Glasgow	F	17	63
Islamabad	F	[illegible]	[illegible]
Istanbul	F	30	86
Jakarta	F	33	91
Jersey	C	21	70
Johannesburg	S	18	64
Lima	S	18	64
Salzburg	S	25	77
San Francisco	S	18	64
Seoul	F	33	91
Singapore	S	31	88
[redacted]	F	21	70
Strasbourg	S	27	81
Sydney	S	18	64
Taipei	F	35	95
Tangier	F	39	[illegible]
[redacted]	S	25	77
Tokyo	-	-	-
Toronto	C	21	70
Tunis	F	30	86
Valencia	S	32	90
Venice	S	28	82
Vienna	S	24	75
Warsaw	F	20	68
Washington	F	24	75

Temperatures at midday yesterday. C-Cloudy [redacted] F-Fair Fg-Fog H-Hail R-Rain S-Sunny [redacted]

THE LEX COLUMN

Hanson's open season

The cynical observer of the propaganda battle between Hanson and Imperial Chemical Industries might deduce that it [redacted] bringing [redacted] the [redacted] in both sides, not [redacted] in respect of their reported profits. ICI's latest quarterly profits were down only [redacted] per cent. [redacted] quarterly profits [redacted] up 3 per cent, which in [redacted] context of the accounting policies of an acquisitive conglomerate might be [redacted]ted [redacted] discretionary.

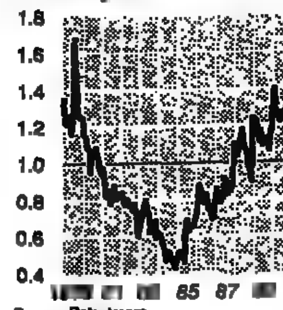
[redacted] customary, [redacted] quarterly [redacted] pitifully [redacted] disclosure, particularly by [redacted] with ICI's. In the perhaps unlikely [redacted] of [redacted] bid [redacted] materialising, the institutions might [redacted] to price into the equation the fact that, [redacted] it [redacted] succeed, ICI's [redacted] of profitability would [redacted]ger be available for analysis. The advantage of [redacted] Hanson approach is that it cannot [redacted] infe[redacted] how much [redacted] ICI. Similarly, [redacted] would [redacted] Hanson had done with it.

[redacted] made up around half the ground they [redacted] relative to [redacted] market [redacted] time of the ICI [redacted] being announced, chiefly because the [redacted] in [redacted] bid has evaporated. This appears to put [redacted] in something of [redacted] logical impasse. The market believes that Hanson needs acquisition [redacted] to [redacted] moving forward. [redacted] the same time, it does [redacted] seem [redacted] regard [redacted] ICI bid as [redacted] answer. The stalking-horse theory, which says Hanson only [redacted] ICI story to cover its attack on something else, looks too sophisticated to be [redacted]. With Hanson stalled at the bottom [redacted] recession, the whole ICI strategy looks more ill-judged than ever.

FT-SE Index: 2,608.8 (+23.9)

Hanson

Yield relative to [redacted] FT-A All-Share yield



Source: Datastream

Markets

Yesterday's record close means [redacted] is unperturbed by [redacted] a rise in Germany's official inter[redacted] rates. Admittedly [redacted] FT-SE [redacted] has [redacted] boosted this [redacted] by [redacted] rise in response to partial government [redacted] new migraine drug. Adding [redacted] general sense of well-being has [redacted] higher turnover from [redacted] placement of rights [redacted] rumps for Burton and Trafalgar House.

Still, the assumption in London must be [redacted] the [redacted] bank would by now simply be following [redacted] domestic money [redacted] if it did [redacted] to [redacted]. Sterling [redacted]sonably comfortable with Ger[redacted] present levels, [redacted] Bundesbank [redacted] unlikely to distract the UK stock market from its focus on the prospect of resumed earn[redacted] and dividend growth in [redacted]. There might [redacted] still [redacted] room for [redacted] further notch off UK [redacted] party [redacted] under way [redacted] month.

Ultramar

During a dismal first half Ultramar [redacted] thanks to [redacted] of oil [redacted] on [redacted] winter inventory in [redacted] and the US. Over [redacted] same period its shares lost a third of [redacted] value relative to the market. Judging by yesterday's performance, its management is clearly trying [redacted] a revolt by institutional shareholders. From a company [redacted] previously noted for its investor relations, the talk was of maximising earnings, sharply reducing capital expenditure and increasing asset sales in an attempt to [redacted] shareholder value.

This inevitably involves sacrificing organic growth for a [redacted] years, but there appear to [redacted] few [redacted] options. Management [redacted] the chance to repair the [redacted] sheet with [redacted] the institutions were less angry at the start [redacted] the [redacted] it does [redacted] the group will be hard-[redacted] to grow its dividend in real terms, which emphasises [redacted] difficulty in valuing its shares on a prospective yield [redacted] 17 per [redacted] hike in [redacted] year's final payment looks [redacted] more reckless.

A [redacted] complicated company with a similar [redacted] would [redacted] taken over. Despite [redacted] range of [redacted]. Ultramar's confusing mix [redacted] upstream and downstream businesses, but mainly its £858m of net debt, [redacted] it an [redacted] target.

Doubtless any small shareholders [redacted] long [redacted] switched their funds [redacted] if not, they [redacted] only [redacted] their investment thoroughly [redacted] its lower rating.

Queens Moat

Queens Moat [redacted] must [redacted] its diversification policy has paid off. A 23 [redacted] growth in first-half profits from Germany [redacted] the impact of the UK [redacted] produce [redacted] decline [redacted] just 11 [redacted] in fully diluted earnings [redacted] share. That [redacted] remarkable [redacted] the hotel sector, but [redacted] are still several [redacted].

First, [redacted] UK [redacted] would [redacted] without the [redacted]pany's incentive scheme, whereby many of its hotels are run by self-employed managers. They pre-negotiate their payments to the com[redacted], thus [redacted] in advance. [redacted] delays [redacted] only the impact of recession but also the benefits of recovery. Meanwhile economic slowdown in Germany is likely to [redacted] itself felt even while competition on room [redacted] in [redacted] UK intensifies.

Forte [redacted] more vuln[redacted]ble [redacted] recession, but Queens [redacted] underperformed [redacted] by [redacted] per [redacted] the past year. The reason must be investor irritation at its penchant for funding expansion through rights issues. The company [redacted] keeping much [redacted] its [redacted] issue on deposit, which should yield [redacted] extra £9m in second-half interest income. But investors will take more convincing [redacted] the flood [redacted] rights is passed before they raise the share rating.

M[redacted]well

Goldman Sachs' disclosure yesterday [redacted] its holding [redacted] some £143m [redacted] of [redacted] in Maxwell [redacted] and Mirror Group offers a [redacted] sidelight on Mr [redacted] Maxwell's relationship [redacted] brokers. Of the total, some £106m is held [redacted] for [redacted] from Goldman to [redacted] Maxwell personally. [redacted] news that Mr Maxwell [redacted] pledged some [redacted] his public equity [redacted] his private [redacted].

Such concrete evidence, however, further undermines Mr Maxwell's argument [redacted] private finances [redacted] no relevance [redacted] in his public companies. [redacted] also help to explain [redacted] persistent [redacted] in bidding up Maxwell shares in the London [redacted].

FINANCIAL TIMES
COMPANIES & MARKETS
© THE FINANCIAL TIMES LIMITED 1991 · Thursday August 15 1991

INSIDE

Columbia Gas loses $805m in quarter

Columbia Gas System, the US gas transmission business which went into Chapter 11 bankruptcy protection last month, yesterday announced [redacted] second-quarter loss of $804.9m, due mainly to a large charge to cover losses on long-term gas supply contracts. Page 16

Rising sales for Novo Nordisk

Novo Nordisk, the Danish health-care and pharmaceuticals company, increased pre-tax profits in the first half of the year from DKr603m to DKr693m ($104m) [redacted] are optimistic about the full-year results. [redacted] in the first half also rose from DKr3.9bn to DKr4.4bn. Page 14

Bank sees sinking of NKr300m

Christiania Bank of Norway [redacted] suffered a NKr300m ($44.4m) loan loss following the bankruptcy of shipping group Fearnley [redacted] Eger. Until now [redacted] bank, which has experienced credit [redacted] in almost every [redacted] of [redacted] operations, has [redacted] upon shipping [redacted] of [redacted] most solid business engagements. Page 15

Reservations about 'rockets'

Mr Heinz Sippel, the new chief executive of Harpener, the German property and [redacted] company, is not only looking [redacted] a DM249m ($144m) hole in the company's [redacted] but also at a murky mixture of claims, inquiries [redacted] possible court cases. [redacted] Mr Sippel has witnessed many times companies which [redacted] too [redacted] then crash to earth. "Don't launch rockets – they explode," [redacted] says. Andrew Fisher reports. Page 14

Peruvian alpacas in crisis

The $70m-a-year Peruvian alpaca industry [redacted] in crisis. [redacted] world [redacted] towards lighter fabrics, attempts [redacted] underway [redacted] produce new, lighter, blends [redacted] heavy alpaca hairs with other fibres. But prices remain stubbornly low. And Peru's virtual monopoly of alpaca [redacted] under threat as [redacted] government legislation allows the export of live alpacas. Page 18

Hoogovens profits warning

Hoogovens, the Dutch steel and aluminium group, yesterday annouced a sharp drop in first-half net profit and cautioned that it would not produce a profit in the second half. Page 14

Support for coffee cutbacks

The Brazilian [redacted] Committee, which represen[redacted] players in the [redacted] coffee market, has decided [redacted] support a call for Latin America's main producers to withhold 10 per cent of production. Page 18

Drawbacks of geography

The Viennese stock market is discovering that geography has its drawbacks. Initially jubilant at the collapse of communist power in eastern Europe, traders have [redacted] foreigners [redacted] now dissuaded from investing in Austrian-quoted shares because [redacted] crisis in neighbouring Yugoslavia. Back Page

Market Statistics

Companies in this issue

Chief [redacted] changes yesterday

FRANKFURT (DM)			
Rises			
Bilfing Berg	[redacted]	+	[redacted]
Fag Kugel	259	+	9
Kaufhof	499	+	19
Schmal Lub	555	+	10
Falls			
Ach Mun (Reg)	875	–	[redacted]
Zand Feinpap	301	–	6
NEW YORK ($)			
Rises			
Lotus Dev	$36\frac{3}{8}$	+	$2\frac{7}{8}$
Man Hanover	33	+	$1\frac{1}{8}$
Reebok	$31\frac{7}{8}$	+	$1\frac{3}{8}$
State Street	$49\frac{3}{4}$	+	$\frac{1}{4}$
Falls			
Applied Mat	$25\frac{7}{8}$	–	$\frac{1}{2}$
Furs/Bishop	2	–	$1\frac{1}{8}$
PARIS (FFr)			
Rises			
[redacted]	471	+	[redacted]
Club Med	441	+	11
L'oreal	[redacted]	+	[redacted]
Peugeot	[redacted]	+	[redacted]
Worms	[redacted]	+	11
Falls			
Total B	631	–	14
TOKYO (Yen)			
[redacted]			
Honen	834	+	69
Sno Kaiun	819	+	[redacted]
Ines	2890	+	190
Nakamuraya	1100	+	80
Tokyo Rika	670	+	79
Falls			
Pacific Inds	625	–	[redacted]

New York prices at 12.30pm

LONDON (Pence)			
Rises			
ADT	520	+	25
Airtours	691	+	21
Armitage Bros	124	+	9
Avon Rubber	296	+	15
BBA	155	+	11
Britannic	887	+	20
Brown & Tawse	92	+	13
Carbo	236	+	46
Central ITV	815	+	20
Glaxo	1338	+	32
Pentland	92	+	7
Rexmore	$31\frac{1}{2}$	+	5
T & N	171	+	11
Whinney Mackay	37	+	[redacted]
Falls			
Brit. Airways	179	–	5
Cardiff Prop.	200	–	13
Elect. Data	222	–	14
Gt. Western	39	–	11
Presidio Oil A	225	–	15
Regal Hotel	4	–	2
Trencherwood	34	–	4
Union Discount	269	–	14
Whitegate	14	–	4

Holdings used as collateral for loans to UK publisher ● Broker regrets late disclosure

Goldman reveals Maxwell stakes

By Tony Jackson and Raymond Snoddy in London

GOLDMAN SACHS, the US broking house, yesterday declared stakes worth £143m ($241.7m) in Maxwell Communication Corporation (MCC) and Mirror Group Newspapers, both controlled by Mr Robert Maxwell.

Goldman said most of the holding, worth £106m at yesterday's prices, was held as collateral for loans to an unnamed broking client, later identified as Mr Maxwell himself.

The shares in MCC were pledged by Mr Maxwell in March this year.

The late disclosure of the holding represents a technical breach of the UK Companies Act.

Goldman, which has for some years acted as Mr Maxwell's personal broker, said it regretted the omission.

Mr Maxwell has far-reaching private interests outside his publicly-quoted companies. He has recently engaged in substantial sales of his private assets, prompting suggestions that his private finances are under pressure.

He has also proposed the re-flotation of Maxwell Communication in the US and the selling down of his family stake below the majority control level as a means of raising further cash.

Mr Maxwell said that he had been notified under section 192 of the Companies Act that disclosure was required and that he was happy to do so immedi[redacted].

He confirmed that the s[redacted] were held as collateral against loans by Robert Maxwell Group used to fund his trading activities. He added that he could not give a precise figure for the loan.

[redacted] said that 31.2m shares in MCC and 40m shares in Mirror Group were held as a "security interest" against loans.

The Companies Act requires that such interests should be disclosed unless the holder [redacted] bank, an insurance company or [redacted] stock exchange member.

Among Goldman's subsidiaries are two companies which qualify as stock exchange members and one which qualifies as a bank.

However, the MCC transaction had been arranged through Goldman Sachs & Co in New York and the [redacted] Group [redacted] through Goldman [redacted] International, neither of which qualify for non-disclosure.

Goldman said the holdings had been disclosed [redacted] soon [redacted] oversight had been known.

Through much [redacted] his business [redacted] Maxwell [redacted] an inveterate deal-maker taking strategic [redacted] in a [redacted] of companies. He [redacted] that [redacted] make mis[redacted] but [redacted] he [redacted] ahead [redacted] the time.

Lex, [redacted]

Analysts believe UK clearing bank's poor results could mask encouraging trends

The silver lining to Midland's cloud

By David Lascelles, Banking Editor

MIDLAND Bank produced by far the worst interim results in the UK's recent [redacted] reporting season. Its loss of £71m ($119m) was the only deficit [redacted] by the [redacted] Four, even though all displayed deep scars from the recession.

But rather than write this off as yet another [redacted] result from Britain's perennially troubled clearing bank, analysts [redacted] that Midland's figures could mask some [redacted] more encouraging trends for several years.

"We believe that Midland has started on the bumpy road to recovery," said Mr Rod Barrett, banking analyst [redacted] Goldman Sachs.

The strongest sign of improvement was the 32 per cent rise in Midland Bank's operating profit to £480m. This figure represents earnings from lending and fees, less operating costs such as staff and premises. Excluded is the £529m cost of provisions for bad debts which accounted for most of Midland's overall loss.

If the operating profit gives a clue to the strength of the underlying business, as analysts think it does, the result provides the first sign that Midland is on the mend. The result is significant in Midland's case, analysts say, because it shows that the bank has generated more income and kept its costs under control – areas where it has traditionally been weak.

In the first half of the year, costs were virtually unchanged, thanks largely to a reduction of 4,000 in staff numbers, and the closure of 87 branches, while income went up 8.5 per cent.

One reason for this was a stronger performance by Midland Montagu, the bank's international and investment banking [redacted] where large treasury losses [redacted] finally been brought under control.

Although Midland acquired [redacted] top management in [redacted] spring, the [redacted] belated result of efforts by the previous management of Sir Kit McMahon when the [redacted] on [redacted] was launched. But Midland's new top team, under Sir Peter Walters, chairman, and Mr Brian Pearse, the chief executive who moved over from Barclays, has the job of seeing it through.

Both men have begun to make their mark, though in different ways: Sir Peter through his experience as administrator of a large company (he was chairman of BP), and Mr Pearse with his knowledge of clearing banking.

Neither believes in big structural changes. Sir Peter talks of the need to develop areas of excellence, and preserve the international role, particularly in Europe.

Mr Pearse believes the way forward for Midland lies in getting back to basics. Many changes over the past few years were too clever: new-fangled accounts that nobody really wanted, and special divisions for handling company accounts which were "over-engineered".

"We've got to get back to a more traditional banking environment," [redacted] says.

He sees a bigger role for traditional branch banking. Among changes he is contemplating is shifting more supervision of business lending from the special divisions back to the branches. Although the customer will not [redacted] much difference, it will give [redacted] a stronger sense of their market, and enhance the role of the branch manager. A new managing director of corporate banking, Mr David Thornham, has been appointed to oversee the changes.

Mr Pearse also wants to make retail banking more "relevant" to its customers. He would not object, for example, if his more down-to-earth approach earned his bank the name The Midland Building Society. One problem with banks is they have to make excuses for offering a service inferior to building societies.

"You can't apologise for being a bank. The customer doesn't care whether we're a bank or a building society," he says. But Midland needs to sell more products through its branch network, particularly savings and investments.

A link-up with an insurance company is possible, and Midland has been talking to Allied Dunbar, the BAT subsidiary, among others. This would [redacted] more far-reaching than Midland's arrangement with the C[redacted] Union to [redacted] products.

The bank's [redacted] main challenge is the strength of its capital base. At 9.7 per cent, Midland's risk asset ratio compares well with other banks', and spares it having to make a rights issue.

But analysts are still forecasting a loss for the year as a whole, which means that its capital will continue to erode in the months ahead. Added to this is the fact [redacted] the group has only £53m [redacted] reserves, which analysts say puts a constraint on dividend payments.

A further handicap for Midland is [redacted] level of [redacted] provisions [redacted] Third World debt.

Although Midland estimates that the recent rise in the market value of its $6.6bn of loans means it has about £100m of excess provisions, its overall level of provisions is lower than other banks.

This means it will have less scope to write back the provisions and boost its bottom line as other banks have begun to do. So its improvement in profitability may look less dramatic.

Midland Bank performance (£m)

	1989 1	1989 2	1990 1	1990 2	1991 1	1991 2*
Operating income	[redacted]	430	363	380	480	[redacted]
[redacted]	1074	1229	1182	1213	1198	1195
Bad debt provisions	149	158	[redacted]	402	529	461

*Estimate by S.G. Warburg Securities

Photo: Tony Andrews

Midland's new men at the helm: chairman Sir Peter Walters (left) and chief executive Mr Brian Pearse

---

Hanson profits edge up to £967m

By Roland Rudd in London

HANSON, the acquisitive UK conglomerate with a 2.8 per cent stake in Imperial Chemical Industries, saw its taxable profits edge up for the nine months to [redacted] 30 [redacted] £939m [redacted] ($1.6bn).

The figure, in line with market expectations, [redacted] significantly below the [redacted] per cent profit [redacted] in the comparable period last year.

Lord Hanson, chairman, said: "[redacted] believe the recession has reached [redacted] nadir, but its [redacted] will [redacted] felt longer [redacted] most anticipated, probably [redacted] another 12 [redacted]."

Hanson's [redacted] were quick [redacted] compare the conglomerate's profit increase with the 31 [redacted] cent profit fall in [redacted] first-half figures.

However, the figures were boosted by acquisition benefits. This included a nine-month contribution from Peabody, the US coal group bought last year, and a seven-month contribution from [redacted] Forest Industries, which Hanson acquired through [redacted] $1.3bn [redacted] its 49 per cent stake in Newmont Mining.

By the second quarter [redacted] next [redacted] those contributions will [redacted] exhausted. Analy[redacted] questioned whether Hanson can sustain its unbroken record of profit growth every quarter without a new acquisition.

Lord White, chairman of US-based Hanson Industries, said the group continued "to seek further acquisition opportunities".

While the economic signals remained mixed, Lord White said he was encouraged by "signs of some improvement" in some US activities. He was particularly pleased by Peabody's performance.

Analysts [redacted] Peabody and Cavenham are making yearly operating [redacted] around $300m [redacted] $100m.

In the three months to June 30, Hanson made £379m before tax compared with £369m in the equivalent period.

Sales during the three months rose 28 per cent from £1.4bn to £1.8bn. However, turnover was still down on this year's second quarter.

Fully diluted earnings per share for the first three quarters of the year were up from 14.6p to 15.4p.

Mr Taylor said Hanson would provide the divisional and geographical break-downs for turnover, profits and net assets, missing from the third quarter, for the full-year results. This is required by the new accounting rules.

Lex, Page 12

AIN confident in Fairfax bid

By Kevin [redacted] in Sydney

THE RACE to acquire [redacted] troubled [redacted] newspaper group was thrown open last night after an all-Australian consortium said it had won the support of the country's two biggest financial institutions.

Mr Jim Leslie, a former chairman of Qantas who chairs the Melbourne-based consortium, said he was confident Australian Independent Newspapers (AIN) had the best chance of a deal which would satisfy the bank consortium to which Fairfax owes A$1.3bn (US$1.02bn).

Mr Leslie said the AMP Society and National Mutual Life, Australia's two biggest life offices, had both given support "in principle" to AIN. He said AIN had the support [redacted] Australian institutions.

Mr [redacted] Wijngaarden National Mutual investment manager, said the [redacted] consortium's proposal was "the cleanest and least complex – the one we felt most comfortable with".

Mr Van Wijngaarden said AIN "clearly has the best chance of succeeding, although it will obviously be up to the banks to decide at the end of the day".

The institutions' decision to back AIN is likely to be most damaging to the Jamison Equity consortium, headed by Mr Chris Corrigan, which counted AMP and National Mutual among its supporters.

However, the institutions are also understood to have rejected the Tourang consortium headed by Mr Conrad Black, chairman of Hollinger, the Canadian media group, and [redacted] Australian Provincial Newspapers consortium [redacted] by Mr Tony O'Reilly, the Irish chairman [redacted] Heinz, the US [redacted] group.

[redacted] is parliamentary opposition [redacted] the involvement in the Tourang bid of Mr Kerry Packer, chairman [redacted] the privately owned Consolidated [redacted] Holdings [redacted] and industrial group.

The only other serious bidder is Pearson, the UK corporation which owns the Financial Times, and is only interested in the Australian Financial Review.

RBH set for European expansion

By Richard Lapper in London

ROLLINS [redacted] Hunter, [redacted] US insurance broker, is poised to expand its European operations with the acquisition of Rotterdam-based Hudig-Langeveldt Groep. The new group will become the sixth-biggest insurance broker in the world.

RBH, a subsidiary of Chicago-based Aon Corporation, an insurance holding group, is expected to pay between £140m ($236.6m) and £150m for Hudig-Langeveldt, Europe's biggest independent insurance broker.

The Hudig board [redacted] yesterday that it had recommended RBH's offer and would refer [redacted] to its shareholders, which include Amsterdam-Rotterdam Bank and the institutional investor, Nederlandse Participatie Maatschappij. Marsh McLennan, the world's biggest broker, is also a shareholder.

RBH will now enter into detailed negotiations with Hudig, which are expected to lead to a definitive agreement within the next three months.

Aon's RBH subsidiary has more than 50 [redacted] throughout the US and owns a substantial interest in Nicholson Chamberlain Colls, the Lloyd's broker.

Ms Julianne Jessup, an analyst at Barclays [redacted] Zoete Wedd, said Huig's strength in [redacted] it an [redacted] target. With insurance brokerage relatively underdeveloped, the German market is regarded as "the mar[redacted]et to be in".

The deal is a [redacted] for [redacted]wick Group, [redacted] UK insurance broker, which had been interested in acquiring Hudig. The Dutch company's local management is said to have been enthu[redacted] about the link. The indications yesterday were that Sedgwick had been outbid. The UK group is said to be have been prepared to pay only £120m.

INTERNATIONAL COMPANIES AND FINANCE

Hoogovens' profits fall sharply

By Ronald van de Krol in Amsterdam

HOOGOVENS, the Dutch steel and aluminium [illegible] reported a sharp drop in [illegible] profit and cautioned that it probably would break even in the second half of [illegible].

Lower European steel prices caused by the recession in basic metal-working industries was the main reason behind a 65 per cent decline in net profit to Fl 55m [illegible] from Fl 155m in [illegible] same period [illegible].

Hoogovens [illegible] no revival [illegible] demand for [illegible] and aluminium in the [illegible] half, so did not expect to see a profit in the period.

"In other words, barring unforeseen circumstances, profit for the full year 1991 will not differ greatly from that for the [illegible] half-year," the company said.

The company's [illegible] fell by Fl [illegible] on [illegible] to close at Fl 58.80. In [illegible], Hoogovens' net profit from normal business operations, which [illegible] extraordinary items, slid by 28 [illegible] to Fl [illegible].

This prompted the company – the Netherlands' only steel producer – to cut its dividend by nearly [illegible] per [illegible] to caution that 1991 results might fall substantially.

In [illegible] first half, Hoogovens' steel [illegible] into a loss of Fl 39m compared with a profit of Fl 120m in [illegible] 1990 first half.

Aluminium posted a profit of Fl 57m, down slightly from Fl 62m a [illegible] earlier. Overall, [illegible] fell by 4.6 per [illegible] to Fl 4.1bn.

Deliveries of rolled steel products [illegible] down by [illegible] tonnes at 2.3m tonnes. At the same time, however, prices [illegible] of [illegible] demand and [illegible] of greater competition from outside western Europe.

Hoogovens said that although [illegible] steel division would probably be able to [illegible] its sales volume in [illegible] second half, prices are expected to remain under pressure. It said that conditions on [illegible] aluminium market had deteriorated in recent months.

First-half advance for Novo Nordisk

By Hilary Barnes in Copenhagen

NOVO NORDISK, the Danish insulin and industrial enzymes producer, [illegible] pre-tax profits and [illegible] in the first half of the year and directors are optimistic about the full-year results.

Sales in the first half were up at DKr4.49bn ($663m) from DKr3.98bn and pre-tax profits from DKr693m to DKr663m. Earnings per share [illegible] to DKr14.39 from DKr12.77.

The company's share price moved up DKr6 to DKr474 after the release of the interim statement.

The company expects financial costs to be reduced in the current half, following a successful share issue this summer, which raised DKr1.65bn.

Sales by the health [illegible] group increased by [illegible] per cent to DKr3bn, despite disposals. The increase was mainly due to higher volume sales of insulin and gynaecological products.

Novo Nordisk's genetically engineered human insulin was approved for sale in the US by the US Food and Drugs Administration on July 1.

The bio-industrial group's sales increased by 24 per cent to DKr1.33bn. Total costs rose by 5 per cent, capacity costs by 15 per cent, but raw material costs fell 20 per cent.

Harpener recovers from Werner Rey's attentions

Andrew Fisher on the German group's progress to profitability

MR Heinz Sippel has [illegible] it all before. "Don't launch [illegible] – they explode," [illegible] the sprightly 68-year-old banker about companies which [illegible] high and then crash to earth.

Mr Sippel is the new chief executive at Harpener, the German property and industrial company which [illegible] part of [illegible] Swiss-based empire of Mr Werner Rey.

Harpener [illegible] been left with a DM249m [illegible] hole in its [illegible] following Mr Rey's involvement. It has thus claimed DM200m from Omni and Mr Rey [illegible] is also considering whether to sue Harpener's former [illegible]. The [illegible] prosecutor's [illegible] in Dortmund, [illegible] Harpener [illegible] based, [illegible] making [illegible] own enquiries.

The murky tale [illegible] out in painstaking [illegible] by Arthur Andersen, whose Düsseldorf [illegible] produced a 98-page report on [illegible] which Mr Rey caused to be [illegible] through Harpener [illegible] for merchant banking activities.

Arthur [illegible] that [illegible] former three-man [illegible] (two of [illegible] put in by Mr Rey) neglected its [illegible] under German [illegible] law, as did Mr Rey [illegible] the supervisory [illegible] chairman. The main damage [illegible] by Harpener's purchase from [illegible] of a [illegible] minority [illegible] in International Leisure Group, [illegible] collapsed UK holiday [illegible] airline company.

Of Harpener's [illegible] against Omni, which collapsed in March, DM131m relates [illegible] ILG; this [illegible] half [illegible] DM90m purchase price, [illegible] to have been paid later.

The [illegible] and sudden collapse of ILG – [illegible] that matter of Mr Rey's empire – reminds Mr Sippel of the [illegible] years [illegible] spent at Hessische Landesbank in Frankfurt cleaning up the mess [illegible] by ill-considered property deals.

He then presided over the winding [illegible] of Neue Heimat, the [illegible] union-owned housing [illegible] which [illegible] into [illegible] financial trouble in 1986. Harpener, [illegible] Mr Sippel, is [illegible] in danger of failure.

"The Rey adventure [illegible] not overturned Harpener, but it has injured it".

The Omni-induced [illegible] left it with a net [illegible] of DM [illegible] last year; in [illegible], it made DM41m profit. [illegible] main property, [illegible] and transport businesses, Harpener increased pre-tax profits by [illegible] per cent to DM98m. This and the release of DM72.5m from [illegible] part of [illegible].

Mr Sippel, flanked by two [illegible] board [illegible] who [illegible] both [illegible] than half his [illegible] – [illegible] previous [illegible] to resign [illegible] – [illegible] the losses can be offset over two [illegible], as profits grow in [illegible].

Even so, it will still [illegible] financial [illegible] of [illegible] involvement by Mr Rey. The Andersen report [illegible] in suggesting [illegible] view [illegible] Mr Rey and [illegible] colleagues, especially [illegible] the ILG episode. "The transaction [illegible] concluded too hastily without an adequate judgment of the value of HPI/ILG [illegible] the fairness of [illegible] purchase price paid."

Nor had Harpener's internal, "extremely negative evaluation" of a report prepared by accountants Coopers & Lybrand [illegible] the ILG deal been shown to the supervisory [illegible].

Arthur Andersen [illegible] Mr Rey was under a clear conflict of [illegible] in his position [illegible] head of Omni and chairman of Harpener's supervisory board. Through his strong involvement in the ILG purchase, [illegible] went beyond the bounds of advice and supervision.

Moreover, [illegible] executive board should have taken more notice of the critical report by managers, rather than just hiding behind Omni's guarantees. It should also, Andersen reckons, have been fully [illegible] of how the Gulf crisis could [illegible] ILG, since [illegible] deal [illegible] concluded last December.

So far, Mr Sippel [illegible] with [illegible] surprise, only a few shareholders have turned up at Harpener's headquarters to [illegible]. But [illegible] who feel strongly enough will [illegible] to have [illegible] at [illegible] company's annual meeting [illegible] Thursday.

MR Sippel and his [illegible] is Harpener's future. The [illegible] held by Omni is in the hands of [illegible] banking consortia, one headed by [illegible] Bank Corporation and the other by Banque [illegible] France, [illegible] involved with Omni.

Within the Swiss-led group, are some Japanese institutions, probably accounting for some 20 per cent of Harpener's shares.

Not surprisingly, Mr Sippel is keen that all these should find a safe home.

"We don't want to end up in the hands of another raider". He hopes the banks will find a suitable buyer soon.

Gardini acquires 14.4% stake in SCI

By Alison Maitland in Paris

MR RAUL GARDINI, who was ousted as head of Italy's Ferruzzi group in June, may re-emerge as a major figure in European business through his purchase of a [illegible] per cent stake in [illegible] (SCI), a French investment [illegible].

SCI is the main investment vehicle of Mr Jean-Marc Vernes, [illegible] French banker, whose family holds [illegible] per cent [illegible]. Together, Mr Vernes and Mr Gardini, who are long-standing friends and business partners, say they intend to [illegible] control of SCI.

The investment [illegible] for [illegible] FFr6bn ($1.01bn) to FFr7bn at its [illegible] posal, as a result of the [illegible] by Suez, the French financial conglomerate, of Mr Vernes' Compagnie Industrielle and Groupe Victoire.

SCI already has property [illegible] and [illegible] for prime commercial [illegible] in Paris. Mr Gardini [illegible] use his [illegible] French [illegible] to [illegible] in European companies, especially in the food and chemical sectors.

As part of the [illegible] Mr Vernes, SCI [illegible] with Ferruzzi, [illegible] with the Gardini family [illegible] obtained [illegible] FFr2bn in cash, [illegible] half of which is estimated to have been swallowed up by the purchase of the SCI [illegible].

He and Mr Vernes will [illegible] be in a position to support other key shareholders in SCI, [illegible] as Navigation Mixte, [illegible] to financial services conglomerate, in any [illegible] battle that [illegible].

Mr Vernes and Mr Fournier, the head of Navigation Mixte, [illegible] given [illegible] financial support in the [illegible] during the [illegible] for Victoire and the Paribas bid for Mixte in [illegible]. A few [illegible] Mixte [illegible] its stake in SCI to 15.6 per cent.

Mr Vernes [illegible] his family would [illegible] its stake in SCI at [illegible] per cent, leaving Mr Gardini to buy a further 30 per cent plus shareholding [illegible] joint majority control.

[illegible] his 14.4 per cent holding, he bought [illegible] per cent [illegible] directly from Montedison, the Ferruzzi chemical group, and the remaining [illegible] per cent through Herat, the Gardini family holding company.

If the Gardini-Vernes partnership acquires control, it will offer minority shareholders, [illegible] 30 [illegible] of SCI, the option to sell [illegible] guaranteed price.

A block of [illegible] shares, or about 3 per cent of the SCI [illegible] capital, was traded yesterday at FFr3,190 before buyers pushed the [illegible] price to [illegible] daily permitted [illegible], and forced a suspension of trading.

Weak oil prices push Ultramar to £22m loss

By Deborah Hargreaves

WEAK OIL prices which [illegible] losses [illegible] close to [illegible] Ultramar, the [illegible] oil and gas company, pushed it into a £21.6m loss for the first six months of 1991, from a profit of £[illegible] in the same period in 1990.

Stock losses of £48.9m compare with a gain on stocks of £12.6m in the first half last year. When these effects are stripped out, Ultramar [illegible] improvement in its net profit to £[illegible] from £[illegible].

The company's sales revenue slipped [illegible] from £898.5m.

Ultramar said yesterday it [illegible] its capital expenditure [illegible] by $100m this year to $385m [illegible] its debt to equity ratio, which has jumped to 87 per cent from 77 per cent at the end of last year.

"We are putting a higher premium on present performance rather than future growth for the time being," a company official said.

The company has also introduced a cost-cutting programme and a hiring freeze in an attempt to reduce its gearing to between 65 per cent and 70 per cent by the year-end.

One of Ultramar's difficulties is that many of its North Sea [illegible] will not yield oil and gas for at least [illegible] five years.

Ultramar is seeking to dispose of some of these assets in return for [illegible] where output is [illegible] to begin in the next couple of years.

It is expected to [illegible] its 20 per cent stake in the Franklin gas field in the North Sea, possibly in British Gas which is also involved in the field. Franklin is due to start production by 2000.

Ultramar said the Markham gas field, in which it has a 35 per cent interest, would start up in October next year. This could mark the first UK export of gas to continental Europe once government treaties are finalised.

The company suffered from weak North American [illegible] its refining operations in eastern Canada [illegible] a [illegible] loss of £39.6m against a profit of £8.8m.

In addition, a 3 per cent drop in demand for petrol in California and low prices resulted in a stock loss of £9.3m there, against a profit of £5.8m.

The company said it expected demand in California to recover during the second half to levels similar to last year. But the Canadian market should see a further [illegible] per cent [illegible] decline in the final six months.

Oil production rose 14 per cent to 115,100 barrels of oil equivalent a day.

Ultramar's share price edged up 5p in London yesterday to 274p as the market expressed relief the company had not announced a rights issue. The company made a loss of 5.8p a share in the first half from a profit of 10.1p.

Lex, Page 12

Pechiney sales decline 5.4%

PECHINEY, the French state-controlled [illegible] and packaging group, has reported that its first-half 1991 consolidated [illegible] dropped 5.4 per cent to FFr38bn ($6.45bn) from FFr40.2bn in the same period of 1990, Reuter reports from Paris.

The company [illegible] that a 2.1 per cent drop in the dollar [illegible] the French franc during that period [illegible] the decline. If the exchange rate had remained [illegible], the revenue [illegible] would have been [illegible] 2.3 per cent.

[illegible] sales would have declined by 1 per cent on a [illegible] exchange-rate basis.

Electricity supply crossholdings predicted

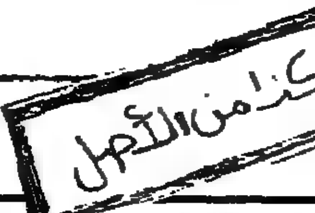
By David Goodhart in Bonn

THE LEADING French and German electricity [illegible] look poised to exchange small shareholdings, according to Mr Jochen Holzer, chairman of Bayernwerk, one of the big three German electricity groups.

Mr Holzer said that before the end of the year Electricité de France would exercise its option to take a 15 per cent stake in VEAG Berlin, the newly [illegible] company which is taking over the east German electricity supply industry.

The main German utilities – PreussenElektra, RWE and Bayernwerk – are [illegible] to take 75 per cent of that new company.

In return for a share in the new east German group Mr Holzer said he thought it likely that the three German companies would be given the chance to take a similar stake in the French electricity supply industry.



INTERNATIONAL CAPITAL MARKETS

German bonds rally after hint on interest rate rise

By Sara Webb in London [illegible] Patrick Harverson in New York

GERMAN government bonds rallied yesterday [illegible] the Bundesbank gave an indication at [illegible] regular securities repurchase tender that it will probably raise interest rates today.

While [illegible] in interest [illegible] is normally bad news for bonds, [illegible] the level of German inflation, currently 4.4 per cent, has fuelled hopes that the Bundesbank will act to curb inflation.

GOVERNMENT BONDS

The Bundesbank's decision yesterday to drain funds from the banking system and allocate short-term cash at a higher rate confirmed suspicions that a rise in the discount rate (currently 6.5 per cent) and the Lombard rate (9 per cent) is imminent.

The Bundesbank withdrew DM4.8bn from the banking system in its two-tranche repurchase tender and offered banks funds at higher rates.

The fact that it allocated 35-day funds at 9 per cent and 63-day funds at 9.15 per cent – in other words at above the Lombard emergency rate – was taken as a sign by the market that both the Lombard rate and discount rate will probably be raised.

Traders said that short-covering helped to push up bund prices. The Liffe bund futures contract opened at 84.73 and traded in a range between 84.63 and the resistance level of 84.85 [illegible] closing [illegible] Turnover [illegible] Liffe [illegible] options [illegible] a record level, with nearly [illegible] yesterday, indicating [illegible] traders [illegible] expecting the market to be volatile.

■ UK government bond prices [illegible] up, supported mainly by foreign institutional buying. Traders [illegible] many investors were waiting [illegible] Bundesbank decides to do at tomorrow's meeting. The benchmark 11¾ per [illegible] 2003/07 opened [illegible] 111$\frac{9}{32}$ [illegible] traded up to 111$\frac{5}{8}$ by late afternoon [illegible] yield 10.01 [illegible]

■ IN NEW YORK, bond prices [illegible] sharply [illegible] the [illegible] rity range yesterday morning, after good inflation [illegible] hopes [illegible] further [illegible]

By midday [illegible] benchmark 30-year bond was up $\frac{3}{8}$ at 100$\frac{1}{4}$, yielding 8.114 per [illegible] The two-year [illegible] equally firm, up [illegible] 100¾, to yield 8.114 [illegible] Trading [illegible] very active.

The Labor Department's report [illegible] prices [illegible] 0.2 per [illegible] in July sparked a round of heavy buying in the bond [illegible] The [illegible] smaller [illegible] expected [illegible] that inflation has [illegible] signs [illegible] picking up alongside the modest [illegible]

[illegible] inflation figures [illegible] the [illegible] Reserve [illegible] rates, [illegible] analysts yesterday. [illegible] easing in [illegible] funds [illegible] 5¼ per cent, [illegible] now looking for a [illegible] in the [illegible]

■ JAPANESE government bond prices [illegible] hopes of lower [illegible] The yield [illegible] the [illegible] JGB, [illegible] pon [illegible] per cent, opened [illegible] per [illegible] per cent, bringing [illegible] price close [illegible]

BENCHMARK GOVERNMENT BONDS

		[illegible]	Red Date	Price	[illegible]	[illegible]	[illegible]	[illegible]
AUSTRALIA		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BELGIUM		10.000	[illegible]	[illegible]	[illegible]	9.35	9.39	[illegible]
[illegible]		8.750	12/01	100.0800	[illegible]	[illegible]	8.76	8.66
DENMARK		[illegible]	[illegible]	[illegible]	[illegible]	9.31	9.34	[illegible]
[illegible]	BTAN	9.000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.21
	OAT	[illegible]	01/01	[illegible]	+0.150	9.08	[illegible]	[illegible]
GERMANY		[illegible]	05/01	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ITALY		12.500	[illegible]	[illegible]	[illegible]	[illegible]	13.42	13.23
JAPAN	[illegible]	[illegible]	06/99	[illegible]	[illegible]	6.61	[illegible]	7.17
	No 129	[illegible]	[illegible]	[illegible]	[illegible]	6.43	6.51	6.72
NETHERLANDS		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SPAIN		11.900	[illegible]	99.6750	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]		[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]
		[illegible]	02/01	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.78	[illegible]
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		[illegible]	05/21	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

London closing, [illegible] New York [illegible] Prices: US, UK in 32nds, [illegible] DataATLAS Price Sources

Ruling 'threatens credibility of SE'

By Hilary Barnes in Copenhagen

A CASE involving [illegible] rights [illegible] minority shareholders [illegible] ens [illegible] credibility of [illegible] Copenhagen Stock Exchange, according to a ruling from the Ministry of Industry appeal board.

The [illegible] reviewed a complaint raised by Brancor Securities, the Copenhagen securities firm, on behalf of foreign [illegible] The [illegible] exchange rejected the complaint and in so doing misinterpreted [illegible] exchange's [illegible] code, [illegible] the review board.

The case arose when 40 per cent of the shares in Norden, the property company, were sold to another property company, Kjobenhavnske Ejendomssocietet (KE) in 1989 with no offer [illegible] to minority [illegible]

If the review board's conclusion leads to [illegible] offer being [illegible] to minority [illegible] holders, [illegible] KE's major shareholders, Commercial Holding and Sparekassen Sydjylland, a total of [illegible] ($21m), according [illegible] Brancor.

"In the longer term, things like this can place the credibility of the Copenhagen [illegible] Exchange, [illegible] home [illegible] internationally, [illegible] risk," said the appeal board.

Late rush for shares in Australian bank offer

By [illegible] Brown in Sydney

[illegible] of [illegible] government-owned Commonwealth [illegible] of Australia appeared [illegible] have [illegible] a [illegible] yesterday, following a [illegible] of applications for small parcels of shares.

[illegible] "clearly oversubscribed," [illegible] was [illegible] more precise until applications from thousands of [illegible] across [illegible] country had been collected and processed.

Brokers said the issue had been oversubscribed three or four times [illegible] a premium of up to A$1.10 over the A$5.40 [illegible] price when [illegible] listed on [illegible] Exchange [illegible]

[illegible] bank [illegible] per [illegible] of [illegible] being [illegible] in small shareholders, [illegible] parcels of [illegible] priced [illegible] The [illegible] will be [illegible] by [illegible] institutions.

[illegible] only [illegible] of the [illegible] which was undersubscribed [illegible] aside [illegible] bank's [illegible] staff.

The [illegible] part-privatisation of the bank [illegible] left-wing [illegible] of [illegible] governing Labor Party. However, the bank [illegible] widely expected [illegible] be fully privatised following the [illegible] general election, [illegible]

Mr Phil Leslie, a [illegible] force, [illegible] the [illegible] register would probably include more [illegible] 200,000 investors.

[illegible] will raise A$1.3bn to [illegible] the [illegible] capital, [illegible] of Victoria last year.

The flotation values the bank at A$4.5bn, placing it among the top ten Australian companies by capitalisation.

The offer price was equivalent [illegible] 16.6 [illegible] depressed level [illegible] earnings in 1990-91, [illegible] up [illegible] times analysts' forecasts for [illegible] current year, [illegible] vary from A$510m to A$550m.

Autumn starts planned by exchanges

By Tracy Corrigan

TWO NEW derivatives exchanges in Belgium and Austria, originally due to start trading in May, [illegible] plan to open their doors early this autumn.

Belfox, the Belgian Futures and Options Exchange, and Otob, Österreichische Termin und Optionenbörse, both fully automated, screen-based systems, [illegible] experienced some teething problems.

Belfox was scheduled to start up in May, but a series of problems has delayed opening. The exchange has been getting to grips with an ambitious order-matching system.

"They are trying to be very sophisticated on both the trading and clearing side," [illegible] derivatives expert familiar [illegible] exchange. For example, [illegible] Belfox system will [illegible] a facility [illegible] competitive trading [illegible] based [illegible] an auction mechanism.

The clearing system, [illegible] level, will allow [illegible] to [illegible] business, [illegible] prevents open positions being [illegible] but is logistically complicated, requiring a [illegible]

The following products [illegible] traded: a Belgian government bond futures contract (the underlying bond is a notional 9 per cent government bond); [illegible] individual stock options (on Petrofina, Société Générale [illegible] Belgique, [illegible] bel, Solvay, Delhaize, and ACEC Union Miniere; [illegible] options on the BEL-20 Belgian stock index.

Other contracts which may be introduced include short-term [illegible] futures, foreign exchange contracts, Ecu [illegible] and options on futures.

Belfox members are expected to include a number [illegible] foreign [illegible] such [illegible] JP Morgan [illegible] Crédit Lyonnais, which should help [illegible] international interest in the Belgian markets.

Meanwhile, Otob, the Austrian Exchange plans [illegible] be up and running in the last quarter [illegible] this [illegible] date will be [illegible] a period [illegible] simulated trading this August.

Five options on individual [illegible] (CA-BV Vorzug, EVN, Lenzing, OMV and Wienerberger) will be traded initially, with an option on the Austrian Traded Index (ATX) planned for the end of [illegible] will provide trading and clearing facilities for members [illegible] Vienna Stock Exchange.

Steady demand for Citicorp offer

By Tracy Corrigan

[illegible] $1.25bn global offering [illegible] bonds, priced yesterday, met steady demand, boosted by a buoyant US Treasury market.

[illegible] reception of the deal, priced [illegible] indicated spread range, to yield 72½ basis points above [illegible] five-year US Treasury, [illegible] broadly positive, though short of enthusiastic. "For such a large deal, at such a quiet time of the year, it went as well as could be expected," one dealer said.

As expected, demand was largely driven by US buyers. Dealers estimated that around

INTERNATIONAL BONDS

75 per cent of the deal was placed [illegible] the [illegible] The spread was [illegible] "fairly [illegible] sive, [illegible] it worked, especially [illegible] [US Treasury market] rally forced the spread to widen a little," one dealer in [illegible]

[illegible] European underwriters [illegible] in Europe [illegible] better than they [illegible] expected. According to [illegible] Phillips & Drew, [illegible] pricing represented a compromise between strong [illegible] in [illegible] a lower [illegible] interest in Europe, allowing a respectable level of European placement to [illegible]

[illegible] was bid [illegible] price.

Elsewhere, [illegible] Electric Capital [illegible] per [illegible] five-year bonds via [illegible] Bank. The [illegible] 1.77, within 1⅞ points [illegible]

● Grand Metropolitan, the UK [illegible] $900m in the [illegible] market yesterday.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
St.Cr.Cd.Mster.Tst.Ser.1991-4(c)†	1.25bn	8	99.46	[illegible]	[illegible]	[illegible] Phillips & [illegible]
CANADIAN [illegible]						
Gen.Elec.Cap.Corp(a)†	100	10	101	1996	1⅞/1⅛	[illegible]
[illegible]						
[illegible] Fin.N'lands.BV(a)†	300	9	101¾	1996	1⅛	[illegible]
STERLING						
[illegible] & [illegible]	175	(b)	100	1994	41/31bp	[illegible]

★Private placement. [illegible] ‡With [illegible] ‡Floating [illegible] a) [illegible] b) [illegible] increased from £150m. Coupon pays 3-month Libor + 15bp. [illegible] c) Asset-backed issue. Coupon payable semi-annually. Also issued - $156m tranche of subordinated notes.

US bank to withdraw from trust business

By Steven Butler in Tokyo

[illegible] Trust, [illegible] US bank which is [illegible] merged with Chemical Bank, yesterday said it [illegible] with [illegible] Bank [illegible] sell [illegible] Japanese [illegible] subsidiary.

[illegible] proposed sale, which is subject [illegible] Ministry approval, would mark [illegible] withdrawal by a foreign [illegible] from [illegible] trust [illegible]

Nearly all banks in [illegible] business [illegible] profits fall in [illegible] March, [illegible] incurred large losses, while Manufacturers Hanover saw [illegible] pre-tax profits [illegible] per cent [illegible] Y214m.

[illegible] it [illegible] nised [illegible] trust [illegible] was currently [illegible] very profitable. However, [illegible] was looking for ways [illegible] expand its custodial banking business in Japan and needed a trust licence. This could only be acquired by purchasing an existing licence, which would allow it to engage in certain types of asset management.

State [illegible] is a specialist [illegible] which [illegible] a large [illegible] in processing [illegible] and record keeping for US mutual funds. It established its Tokyo branch only last year.

Manufacturers Hanover said the discussions with [illegible] Street were unrelated [illegible] agreement to [illegible] with Chemical. It said [illegible] wished [illegible] focus [illegible] Japanese [illegible] on more profitable credit and capital [illegible] activities.

Christiania Bank in NKr300m loan loss

By Karen Fossli in Oslo

CHRISTIANIA Bank, Norway's second biggest bank, has suffered a NKr300m [illegible] loss following the bankruptcy of shipping group Fearnley [illegible] Eger, whose majority owner, Mr Nils Jorgan Astrup, is under investigation by police.

The NKr300m [illegible] loss is a [illegible] Christiania. Until now [illegible] bank, which has experienced credit [illegible] in [illegible] of its operations, had looked upon shipping [illegible] one of its most solid business engagements.

Christiania's credit losses have [illegible] greatest in [illegible] financing, real estate [illegible] commercial [illegible] sectors, representing 10 per cent of total loans and 26 per cent of actual and estimated first-quarter loan losses.

The bank is due to announce first-half [illegible] on August 22, but was forced yesterday by stock market speculation to [illegible] the shipping [illegible] loss figure.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

© The Financial Times Ltd 1991. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed Aug 14 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 25%)	Est. P/E Ratio	xd adj. 1991 to date	Tue Aug 13 Index No.	Mon Aug 12 Index No.	Fri Aug 9 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (184)	839.09	+1.2	10.07	5.75	12.26	23.39	829.06	825.75	826.26	812.61
2 Building Materials (24)	1058.55	+0.9	8.70	5.87	14.59	31.82	1048.85	1046.32	1047.84	1038.77
3 Contracting, Construction (31)	1144.14	+0.9	9.61	6.82	13.74	32.68	1133.67	1130.50	1134.50	1336.02
4 Electricals (11)	2444.63	+0.5	10.48	5.45	12.14	63.95	2431.96	2423.42	2423.16	2176.25
5 Electronics (25)	1717.57	+0.7	8.74	5.25	14.70	48.40	1706.30	1710.65	1709.54	1674.11
6 Engineering-Aerospace (8)	421.76	+1.8	16.20	5.95	7.40	12.11	414.21	413.02	413.58	447.90
7 Engineering-General (45)	461.07	+1.2	11.56	5.56	10.61	13.13	455.49	453.90	456.18	452.46
8 Metals and Metal Forming (8)	449.11	+2.3	15.70	7.86	7.82	17.15	438.94	436.20	432.32	441.99
9 Motors (12)	350.95	+3.6	9.36	6.85	13.16	12.13	338.83	331.60	331.68	326.56
10 Other Industrial Materials (20)	1609.82	+1.0	8.65	5.00	13.61	36.42	1594.11	1586.45	1586.32	1459.21
21 CONSUMER GROUP (187)	1538.07	+1.1	7.50	3.55	16.44	26.76	1522.09	1509.54	1510.58	1243.74
22 Brewers and Distillers (22)	1885.04	+0.8	8.15	3.51	14.95	34.70	1869.38	1857.06	1849.54	1538.21
25 Food Manufacturing (19)	1206.06	+0.5	9.52	4.10	12.98	24.86	1200.63	1196.03	1192.08	1051.95
26 Food Retailing (17)	2641.96	+0.3	8.14	3.16	16.06	44.38	2634.36	2639.17	2643.39	2497.43
27 Health and Household (22)	3682.40	+1.5	5.26	2.35	21.67	35.00	3627.60	3567.47	3585.97	2442.33
29 Hotels and Leisure (23)	1348.64	+1.5	8.85	5.11	13.63	35.83	1328.77	1313.37	1311.04	1320.90
30 Media (26)	1446.34	+0.6	7.63	4.91	17.07	38.58	1437.37	1431.27	1443.52	0.00
31 Packaging, Paper & Printing (17)	751.35	+1.0	7.49	4.39	16.12	15.40	744.09	741.71	743.56	556.93
34 Stores (32)	1000.43	+1.6	7.66	3.72	17.05	17.12	984.95	975.47	973.01	796.70
35 Textiles (9)	596.48	+1.5	8.42	5.20	14.75	14.09	587.83	589.63	594.44	459.69
40 OTHER GROUPS (109)	1272.93	+0.7	9.69	5.06	12.87	31.65	1264.62	1259.57	1260.23	1088.19
41 Business Services (12)	1365.73	+1.3	7.90	4.77	15.65	29.77	1347.61	1335.36	1334.56	0.00
42 Chemicals (21)	1444.88	+0.5	7.10	4.99	17.39	45.88	1438.38	1435.78	1442.15	1111.15
43 Conglomerates (10)	1491.43	+0.7	9.98	7.07	12.10	35.14	1481.71	1472.97	1466.71	1497.37
44 Transport (13)	2290.10	+0.4	8.24	4.65	15.03	50.50	2281.73	2282.45	2281.97	2107.46
45 Electricity (16)	1213.58	+0.8	14.40	5.35	8.87	24.04	1204.00	1196.20	1209.06	0.00
46 Telephone Networks (4)	1522.89	+0.7	9.70	3.99	13.50	28.34	1512.97	1510.96	1509.59	1177.12
47 Water (10)	2409.21	....	16.90	6.39	6.55	118.37	2409.06	2378.56	2361.05	2004.04
48 Miscellaneous (23)	2016.12	+1.0	6.02	4.79	21.51	47.89	1995.94	1987.18	1985.64	1640.67
49 INDUSTRIAL GROUP (480)	1282.96	+1.0	8.70	4.46	14.23	28.00	1270.85	1263.16	1263.95	1097.33
51 Oil & Gas (20)	2437.21	+0.2	10.73	5.65	12.29	77.74	2432.89	2422.79	2412.53	2438.59
59 500 SHARE INDEX (500)	1381.72	+0.9	8.95	4.61	13.96	31.95	1370.01	1362.05	1362.06	1207.63
61 FINANCIAL GROUP (92)	827.99	+1.3	–	5.62	–	26.77	817.33	812.84	817.94	748.93
62 Banks (9)	960.53	+1.8	4.44	5.55	42.27	36.83	943.26	934.37	944.63	792.22
65 Insurance (Life) (7)	1601.45	+2.3	–	5.17	–	41.64	1565.77	1568.59	1564.93	1390.77
66 Insurance (Composite) (6)	673.05	-0.4	–	6.52	–	22.61	675.80	671.88	676.98	642.17
67 Insurance (Brokers) (9)	1172.03	+1.2	6.71	5.76	19.34	30.86	1157.95	1161.36	1160.08	906.59
68 Merchant Banks (7)	438.35	....	–	4.78	–	12.16	438.35	441.90	445.64	400.53
69 Property (36)	927.54	+1.4	5.99	5.02	23.75	20.96	914.92	907.71	909.82	1024.40
70 Other Financial (18)	253.42	+0.7	11.32	7.15	11.06	7.99	251.62	251.29	251.79	273.00
71 Investment Trusts (69)	1227.53	+0.8	–	3.49	–	22.35	1218.10	1212.38	1216.03	1121.99
99 ALL-SHARE INDEX (661)	1246.95	+0.9	–	4.71	–	30.23	1235.68	1228.59	1229.72	1096.82

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Aug 13	Aug 12	Aug 9	Aug 8	Aug 7	Year ago
FT-SE 100 SHARE INDEX‡	2608.8	+23.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Wed Aug 14	Day's change %	Tue Aug 13	Accrued interest	xd adj. 1991 to date
British Government					
1 Up to 5 years (28)	121.60	+0.05	121.54	2.05	7.30
2 5-15 years (27)	132.33	+0.10	132.20	1.88	8.78
3 Over 15 years (9)	141.40	+0.09	141.27	3.19	6.83
4 Irredeemables (6)	155.45	-0.09	[illegible]	3.01	7.34
5 All stocks (70)	131.34	[illegible]	131.24	2.09	8.20
Index-Linked					
6 Up to 5 years (2)	161.66	+0.11	[illegible]	[illegible]	2.72
7 Over 5 years (10)	145.21	-0.02	145.23	[illegible]	2.95
8 All stocks (12)	146.26	-0.01	146.28	0.57	2.94
9 Debs & Loans (58)	110.10	[illegible]	110.[illegible]	1.67	7.16

AVERAGE GROSS REDEMPTION YIELDS		Wed Aug 14	Tue Aug 13	Year ago (approx.)
British Government				
1 Low	5 years	[illegible]	8.92	11.06
2 Coupons	15 years	[illegible]	9.73	11.06
3 (0%-7¾%)	20 years	9.73	9.73	11.11
4 Medium	5 years	10.08	10.09	12.18
5 Coupons	15 years	[illegible]	9.92	11.61
6 (8%-10¾%)	20 years	[illegible]	[illegible]	11.51
7 High	5 years	[illegible]	[illegible]	12.29
8 Coupons	15 years	[illegible]	[illegible]	11.87
9 (11%-)	20 years	[illegible]	[illegible]	11.80
10 Irredeemables		9.91	[illegible]	11.18
Index-Linked				
11 Inflation rate 5%	Up to 5yrs	4.23	4.26	4.86
12 Inflation rate 5%	Over 5 yrs	4.39	4.39	4.24
13 Inflation rate 10%	Up to 5 yrs	3.34	3.37	[illegible]
14 Inflation rate 10%	Over 5 yrs	4.21	4.21	4.07
15 Debs &	5 years	11.73	11.73	14.18
16 Loans	15 years	11.50	11.50	13.17
17	25 years	11.32	11.32	12.83

‡Opening index 2589.9; 9 am 2597.0; 10 am 2597.8; 11 am 2600.1; Noon 2603.9; 1 pm 2610.6; 2 pm 2611.5; 2.30 pm 2611.1; 3 pm 2606.9; 4.10 pm 2607.3; (a) 1.47pm (b) 8.30am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	52	16	15
Corporations, Dominion and Foreign Bonds	1	6	[illegible]
Industrials	427	117	963
Financial and Properties	191	53	496
Oils	27	16	45
Plantations	2	0	8
Mines	24	29	105
Others	82	18	59
Totals	806	255	1,704

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
–	F.P.	–	45	10	Aegis Warrants [illegible]	43½		–	–	–	–
[illegible]	F.P.	–	185	185	[illegible]	185		–	–	–	–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
125	F.P.	–	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
100	F.P.	–	113	100	Moorgate Smaller Co's.	105		⊕4.13	–	5.2	–
35	F.P.	–	39	36	Do. Warrants	38	+1		–	–	–
100	F.P.	–	103	101	Murray Split Income 10p	103		⊕10.50	–	13.7	–
100	F.P.	–	100	98	Murray Split Tst. Cap. 10p	98			–	–	–
–	F.P.	–	2550	2520	Do. Units	2550					
240	100	–	124½	109	Scot Hydro-Elec. 50p	112½	-½	⊕9.13	1.9	10.8	6.0
240	100	–	119½	101	Scottish Power 50p	105	-½	19.2	2.1	11.7	4.7
11	F.P.	–	47	47	Scottish Value Trust	47		a1.8	0.8	5.1	34.6
100	F.P.	–	103	102	US Smaller Cos.	103		–	–	–	–
100	F.P.	–	35	23	Do. Warrants	34		–	–	–	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
‡	F.P.	–	107p	106p	Brockhampton N/V 9¾pc Rd Prf 1996 £1	106p	
100	F.P.	–	110¼	98¼	Burmah Cap (Jersey) 9½pc Cnv Bds 2006	107	+¼
100	F.P.	–	100	99½	Cambourne Inds. 10½pc Rd. Deb. 2001	99½	
£70.5	[illegible]	–	2½pm	1pm	City of Oxford Zero Div Prf 5p	1½pm	
100	F.P.	–	90	88½	Claybrite 9¼pc Cnv. Ln. 2000-01	85	
100	F.P.	–	102	96¼	EE Finance 8¼pc Gtd. Exch. Bds. 2006	100¾	+¼
≠110p	F.P.	–	128p	108p	Fyffes 6.25p (Net) Cnv Cm Prf Ir£2	126p	
100p	F.P.	–	106p	104½p	Gartmore Scotland Zero Div Prf.	106p	
100p	F.P.	–	106p	102½p	Kleinwort High Income Zero Div Prf.	105½p	
102½p	F.P.	–	106½p	103p	Murray Split Cap Tst Zero Div Prf 10p	106½p	
100p	F.P.	–	105p	97½p	Queens Moat Houses 7½pc Cv Rd Pf	105p	+4
100	F.P.	–	103¼	96½	RMC Capital 8¼pc Cnv. Bds. 2006	102½	+¼
100	F.P.	–	103½	96¼	Tarmac 9½pc Cnv. Cap. Bds. 2006	99	+¼

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
88	[illegible]	–	1½pm	¾pm	‡Alan Paul 5p	¾pm	-⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	City of Oxford Units	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible] Renunciation date usually last day for dealing free of stamp duty. [illegible]

TRADITIONAL OPTIONS

● First Dealings Aug. 5
● Last Dealings Aug. 16
● Last Declarations Nov. 7
● For settlement Nov. 18

[illegible] son, HTV, Kunick, [illegible] Microvitec, [illegible] Group, [illegible] Telecom, Tuskar Res. [illegible] Brathwaite, [illegible]

LONDON TRADED OPTIONS

[illegible]

August 14 Total Contracts 32,734
Calls 19,034 Puts 13,700
FT-SE Index Calls 2,730 Puts 7,726
Euro FT-SE Calls 278 Puts 72
*Underlying security price. † Long dated expiry months. Premiums shown are based on middle prices.

INTERNATIONAL COMPANIES AND CAPITAL MARKETS

Columbia Gas $805m in red after contracts charge

By Martin Dickson in New York

COLUMBIA [redacted] System, the large US [redacted] transmission business which went [redacted] Chapter 11 bankruptcy protection [redacted] month, yesterday announced a second-quarter [redacted] of [redacted], due mainly to [redacted] large [redacted] long-term [redacted] supply contracts.

[redacted] these contracts tipped [redacted] group [redacted] bankruptcy filing. The [redacted] enabled it [redacted] order under which [redacted] could reject the problem contracts, [redacted] 4,000.

When [redacted] emerged in June, Columbia warned [redacted] $1bn and [redacted] sub*stantial proportion of this* would [redacted] against second-quarter earnings.

It [redacted] yesterday [redacted] it [redacted] taking [redacted] charge of [redacted] This [redacted] the projected losses it [redacted] on [redacted] remaining life [redacted] contracts; potential [redacted] *stemming* [redacted] an [redacted] with [redacted] helping it [redacted] excess gas supplies [redacted] impact of [redacted] contract rejection on [redacted] previously been capitalised and would now [redacted] written off.

[redacted] second-quarter net loss *of* [redacted] – [redacted] share – compared [redacted] of $4.6m, or 10 cents [redacted] share, in the same period last year.

The contract problems apart, the gas transmission side of the business was hit by unseasonal warm weather, while its oil and gas operations suffered from higher operation costs and a property write-down.

Columbia's problems stem from its signing of "take or pay contracts" under which companies agreed to buy supplies at fixed prices for long periods.

[redacted] weather in recent years [redacted] an [redacted] supplies [redacted] sharply [redacted] spot price of [redacted] Columbia's [redacted] nomical.

Shake-up endangers ACM bid

By Kevin Brown in Sydney

WESTERN Mining Corporation (WMC) [redacted] Normandy Poseidon, [redacted] groups [redacted] ding [redacted] Australian Consoli[redacted] Minerals (ACM), yesterday [redacted] shareholders [redacted] would lapse if [redacted] completed a planned restructuring [redacted] project.

WMC [redacted] Normandy [redacted] don [redacted] offering 90 cents [redacted] for ACM through [redacted] plendid, [redacted] jointly owned [redacted] vehicle. The [redacted] val[redacted] A$211m [redacted]

An agreement [redacted] provides for WMC to [redacted] full control of [redacted] Keith project, [redacted] gold [redacted] Normandy [redacted]

[redacted] give WMC secure access to the low-grade ore [redacted] Mount Keith, in Western Australia, which could be used to feed its nickel smelter at nearby Kambalda.

However, ACM plans to restructure a deal with Outokumpu Minerals and Resources *of Finland, under which Mount* Keith would have been developed as a 50-50 joint venture. According to the revised proposals, ACM would retain 50 per cent ownership, but management control would pass to Outokumpu.

The deal would prevent WMC acquiring control of [redacted] Keith if the offer for ACM were successful.

The offer price for ACM is 7 cents below yesterday's closing price of 97 cents on the Austra[redacted] Exchange, [redacted] 18 per cent higher than the share price on the day before the bid was launched [redacted] month.

● Pacific [redacted] fied Australian industrial group, [redacted] it would [redacted] *increase* [redacted] *A$1.15* [redacted] for Petersville Sleigh, an associate of Mr John Spalvins' [redacted] Adsteam group, in spite [redacted] rejection of the bid by [redacted]

Those Petersville directors who are not also directors of other Adsteam companies said earlier this week that the bid did not represent good value for money for shareholders.

Rivals seek control of Emerson board

By Martin Dickson

RIVAL suitors – one [redacted] and [redacted] – are [redacted] boardroom control [redacted] Emerson Radio, a [redacted] US distributor [redacted] consumer electronics.

The rivals are Semi-Tech (Global), [redacted] Hong Kong-based [redacted] international Semi-Tech Microelectronics, and [redacted] Investment, [redacted] *Swiss investment* [redacted] with [redacted] 14.5 [redacted] Emerson, [redacted] largest [redacted]

Emerson, which recently [redacted] a second-quarter [redacted] a preliminary agreement in June [redacted] sell [redacted] 20 per cent stake [redacted] Semi-Tech, the [redacted] Machine[redacted]

However, Emerson [redacted] said that, in [redacted] second-quarter results, Semi-Tech [redacted] agreement. [redacted] in return [redacted] 17.4m [redacted] and an improved [redacted] package.

Meanwhile, it added, [redacted] proposed investing [redacted] acquire [redacted] 15.4m and [redacted] with a warrants package similar [redacted] plan.

NWA to pursue Pan Am route

NORTHWEST Airlines, [redacted] largest US carrier, has [redacted] proposed purchase [redacted] Pan Am's Detroit-London route authority, despite [redacted] part [redacted] package [redacted] assets [redacted] bankrupt carrier [redacted] agreed to sell [redacted] Delta Air Lines, *writes* [redacted] New York.

Lawyers for NWA objected [redacted] aspects [redacted] Am agreement [redacted] Monday's bankruptcy [redacted] hearing.

Although [redacted] bankruptcy court approved [redacted] deal, other [redacted] consents are neces[redacted] and [redacted] could file objections [redacted] the US Department [redacted] Transportation.

[redacted] operates [redacted] hub [redacted] the [redacted] last [redacted] or $35m if [redacted] Los Angeles-Mexico City authority was included.

A spokesman for the airline said yesterday [redacted] would probably not pursue the proposed purchase of this lat[redacted] authority.

MAS suffers operating loss

MALAYSIA Airline System, the [redacted] air carrier, has reported its first operating [redacted] in [redacted] despite a [redacted] cent rise [redacted] M$2.9bn (US$1.05bn) for the [redacted] ended March, writes Lim Siong Hoon in Kuala Lumpur.

Group operating margin was omitted in the initial [redacted] June, when MAS reported a pre-tax *profit of M$206m.*

In its latest announcement, however, MAS [redacted] it [redacted] pre-tax operating [redacted] of M$168m against operating profit of M$146m.

Sales of [redacted] to produce [redacted] pre-tax [redacted] of [redacted]

Domtex losses help provoke asset sale

By Robert Gibbens in Montreal

DOMINION TEXTILE, the Canadian integrated [redacted] has moved [redacted] red and [redacted] planning [redacted] sales to [redacted] its [redacted] borrowings.

Weak demand, low margins, high cotton prices [redacted] re-structuring charges helped push Domtex into an overall [redacted] C$128.8m, [redacted] C$4.07 [redacted] for [redacted] year ended June, [redacted] against a profit of C$11m, or 19 [redacted] share, a year earlier. Revenues fell 8 per cent to C$1.27bn.

Special re-structuring charges totalled [redacted] and were [redacted] in the final quarter. Two thirds of [redacted] business [redacted] from [redacted] Canada, [redacted] plants in [redacted] US, Asia, Europe [redacted] North Africa. It is the world's leading denim cloth maker.

On an operating [redacted], Domtex nearly broke even in the final quarter. Denim [redacted] gained 14 per [redacted] in North America and US yarn sales [redacted] strong.

Mr Charles Hantho, president, said while there [redacted] hope [redacted] turnround, debt reduction would [redacted] priority.

The Montreal head [redacted] building has been sold and further [redacted] mainly [redacted] Can*ada, will follow.*

● Quebecor, North [redacted] second largest commercial printer and [redacted] leading Canadian newspaper publisher, earned C$11.1m [redacted] first half. This was down from C$56.4m, on revenues of C$1.16bn, up [redacted]

Commercial printing [redacted] well and newspapers held up despite the recession, but the forest product operations, jointly owned with [redacted] Communication [redacted] hit by low newsprint and pulp [redacted]

Sea Containers up 17%

By Karen Zagor in [redacted] York

[redacted] CONTAINERS, [redacted] container, ferry, [redacted] property [redacted], yesterday turned [redacted] 17 [redacted] *improvement* [redacted] underlying second-quarter pre-tax [redacted]ings which rose to $19.7m from $16.8m last year, before extraordinary items.

Net earnings a year earlier had been distorted by a one-time [redacted] of $130m. This [redacted] from [redacted] large [redacted] and company restructuring [redacted] had [redacted] in the [redacted] quarter [redacted] $141.8m or [redacted] fully [redacted]

[redacted] quarter, [redacted] company posted [redacted] income [redacted] $13.3m [redacted] $1.31 a fully diluted [redacted] Rev[redacted] rose 7 [redacted] $97m from [redacted] year [redacted] Earnings per share [redacted] a two-for-one stock split on July [redacted] year.

Mr James Sherwood, president, [redacted] container demand [redacted] strong in [redacted] ond quarter and [redacted] outlook for the third quarter [redacted] equally good.

In the first seven months [redacted] this year, [redacted] *acquired $81.9m* [redacted] *new con*[redacted]

[redacted] in the UK and [redacted] impact of recession hurt [redacted] Containers' ferry operations, but [redacted] company [redacted] the third quarter was "showing [redacted] strength in all routes".

BIL buys more Carter Holt rights

BRIERLEY Investments yesterday confirmed [redacted] had bought a further 24m rights for Carter Holt Harvey shares. [redacted] exercised, this will give BIL 31 per cent of the forestry and fishing group, writes Terry Hall in Wellington.

The rights [redacted] part of [redacted] (US$263m) issue, [redacted] by [redacted]

Mr [redacted] Collins, chief executive, [redacted] BIL had stopped buying rights, but would be delighted [redacted] it [redacted] buy more [redacted] as an underwriter. It believed that [redacted] further 1 per [redacted] could be acquired this way. "I think the prices we have been paying for the rights represent good value," he said.

● The Chinese investment group Minmetals has bought a New [redacted] property portfolio of 20 Auckland industrial properties for NZ$35.6m.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

Provisional Price for Trading on 15.08.91 | Final Prices for Trading on 15.07.91

Half hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.00	18.86	18.86
0100	15.73	18.88	20.38
0130	15.55	18.61	18.61
0200	15.55	18.61	18.61
0230	15.55	18.61	18.61
0300	15.55	18.57	18.57
0330	15.51	18.57	18.57
0400	15.55	18.54	18.54
0430	15.55	18.54	18.54
0500	15.51	18.54	18.54
0530	15.50	20.60	22.40
0600	15.50	18.13	19.89
0630	15.57	18.13	19.89
0700	15.54	18.13	19.89
0730	16.09	18.80	20.57
0800	18.46	20.09	21.89
0830	18.47	20.14	[redacted]
0900	21.97	21.47	[redacted]
0930	22.01	21.70	23.67
1000	22.03	21.88	23.87
1030	22.05	22.03	24.10
1100	22.05	22.28	24.42
1130	22.08	22.67	24.91
1200	22.08	31.18	33.60
1230	22.04	30.90	33.27
1300	22.00	30.39	32.65
1330	21.87	21.67	23.51
1400	25.78	21.37	23.24
1430	25.78	21.31	23.16
1500	25.78	21.30	23.14
1530	21.96	21.29	23.13
1600	21.95	30.88	32.87
1630	21.97	31.00	32.95
1700	21.97	28.78	30.84
1730	21.96	21.30	[redacted]
1800	19.69	21.29	[redacted]
1830	19.67	21.24	[redacted]
1900	19.67	19.39	[redacted]
1930	19.67	19.00	[redacted]
[redacted]	21.73	18.62	[redacted]
[redacted]	21.73	18.29	[redacted]
[redacted]	21.73	21.24	[redacted]
[redacted]	21.73	21.24	[redacted]
[redacted]	18.17	21.24	[redacted]
[redacted]	18.17	27.61	[redacted]
[redacted]	17.36	27.61	[redacted]
[redacted]	18.99	18.14	[redacted]
[redacted]	15.99	15.67	[redacted]

Prices are determined for every half-hour in each twenty-four hour [redacted]. Prices are in pounds per megawatt-[redacted] rounded to two [redacted] places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8:10 pm on August [redacted]

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	[redacted]	102¼	102¾	+⅛	[redacted]
ALBERTA PROVINCE 9 3/8 95	400	105	[redacted]	+⅛	7.92
AUSTRIA 8 1/2 00	400	[redacted]	[redacted]	+⅛	8.40
BANK OF TOKYO 8 3/8 96	100	[redacted]	[redacted]	+⅛	[redacted]
BELGIUM 9 5/8 98	[redacted]	[redacted]	[redacted]	+⅛	[redacted]
BFCE 7 3/4 97	150	99¾	[redacted]	+⅛	[redacted]
BNP 8 5/8 94	300	102¾	103¼	+⅛	7.53
BP CAPITAL 9 5/8 93	150	103	103½		[redacted]
CANADA 9 96	1000	104¾	105¼	+⅛	7.70
CARCO 9 1/4 96	600	100¾	101¼	+⅛	[redacted]
CCCE 9 1/4 95	300	[redacted]	105½		7.64
COUNCIL EUROPE 8 96	100	100¾	100¾	+⅛	7.93
CREDIT FONCIER 9 1/2 99	300	105½	106	+⅛	[redacted]
DENMARK 0 98	250	57¼	57¾	+⅛	[redacted]
DENMARK 8 1/4 94	150	[redacted]	[redacted]	+⅛	7.39
ECSC 8 1/4 96	193	101¼	[redacted]	+⅛	7.85
EEC 7 1/4 93	250	100¾	100¾		[redacted]
EIB 7 3/4 96	250	100¼	100¾	+⅛	[redacted]
EIB 9 1/4 97	[redacted]	105	105½	+⅛	[redacted]
ELEC DE FRANCE 9 98	[redacted]	103¾	104¼	+⅛	[redacted]
EUROFIMA 9 1/4 96	100	103¾	[redacted]		[redacted]
EXPORT DEV CORP 9 1/2 98	150	105½	106	+⅛	[redacted]
FINLAND 7 7/8 97	200	98¾	[redacted]	+⅛	8.18
FINNISH EXPORT 9 3/8 95	200	103¾	104¼	−⅛	8.23
FORD MOTOR CREDIT 9 1/2 93	300	103	103½	−⅛	7.93
GEN ELEC CAPITAL 9 3/8 96	300	105¼	105¾	+⅛	[redacted]
GMAC 9 1/8 96	200	102¾	102¾	+⅛	[redacted]
HALIFAX 9 1/2 93	200	[redacted]	[redacted]		7.39
IBM WORLD TRADE 7 5/8 93	[redacted]	101¼	101¾	+⅛	7.04
IND BK JAPAN FIN 7 7/8 97	200	[redacted]	98		[redacted]
INTER AMER DEV 7 5/8 96	200	98½	98¾	+⅛	[redacted]
ITALY 8 1/2 94	1500	[redacted]	103¼		[redacted]
JAPAN DEV BK 8 94	150	101¾	101¾		[redacted]
KANSAI ELEC PWR 10 96	350	106¾	[redacted]	+⅛	8.13
LTCB 8 5/8 93	150	101½	[redacted]		7.44
NEW ZEALAND 8 93	100	101½	[redacted]		7.30
NIPPON CRED BK 9 3/4 93	150	103¾	[redacted]		7.71
NIPPON TEL & TEL 9 3/8 95	200	104½	[redacted]	−⅛	7.89
NORDIC INV BANK 9 93	200	102¾	103¼	−⅛	[redacted]
ONTARIO HYDRO 11 5/8 96	200	108¾	109¼	+⅛	[redacted]
OSTER KONTROLLBANK 8 1/8 93	200	101¼	[redacted]		6.88
PETRO-CANADA 7 1/4 96	200	97¼	97¾	+⅛	7.99
PRUDENTIAL RLTY SECS 0 99	365.216	[redacted]	52¼	−⅛	[redacted]
QUEBEC HYDRO 9 3/4 98	[redacted]	[redacted]	106½	+⅛	[redacted]
QUEBEC PROV 9 98	200	[redacted]	[redacted]	+⅛	8.63
SAINSBURY 9 1/8 96	150	[redacted]	[redacted]	+1⅛	[redacted]
SAS 10 99	200	[redacted]	102¾	+⅛	[redacted]
SBAB 9 1/2 95	500	104½	104¾	−⅛	8.06
STATE BK STH AUST 9 1/4 93	100	102¼	102¾	−⅛	7.53
SUMITOMO BK CAP MKT 9 3/8 93	[redacted]	[redacted]	103¼	−⅛	7.73
SWEDEN 8 1/8 94	150	[redacted]	[redacted]	−⅛	[redacted]
SWEDISH EXPORT 9 5/8 93	100	[redacted]	[redacted]	−⅛	[redacted]
TOKYO METROPOLIS 8 1/4 96	200	100¾	[redacted]		[redacted]
WORLD BANK 8 3/8 99	1500	101¼	[redacted]	+⅛	[redacted]
WORLD BANK 8 3/4 97	1500	100	104¾	+⅛	[redacted]
XEROX CORPN 8 3/8 96	100	98¾	99¼	+1⅛	[redacted]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAPRIVEN 11 1/8 95	200	102	102¼	−⅛	10.48
BULGARIAN TRADE BK 8 1/2 96	200	81¼	82¼		13.94
DEUTSCHE BK FIN 5 5/8 96	750	88	88		[redacted]
DEUTSCHE FINANCE 7 1/2 95	[redacted]	96¼	96¾	−⅛	8.00
EIB 5 3/4 98	[redacted]	85¾	85¾	+⅛	8.63
EIB 6 7/8 95	[redacted]	93	93		[redacted]
EUROFIMA 6 1/4 98	[redacted]	[redacted]	87¼		[redacted]
FERRO DEL STAT 5 3/8 93	500	95¼	95¾	+⅛	9.15
FIRST INTERSTATE 5 3/4 96	[redacted]	[redacted]	[redacted]	−⅛	10.63
IND BK JAPAN FIN 5 5/8 96	[redacted]	[redacted]	[redacted]	+⅛	8.99
IND DEV BK INDIA 6 3/8 94	200	87	[redacted]	−⅛	11.21
LUFTHANSA INT FIN 5 7/8 98	500	85	[redacted]		8.94
NAT BK HUNGARY 8 96	200	90½	[redacted]	−⅛	10.40
QUEBEC HYDRO 6 3/4 97	300	87¾	[redacted]		9.00
SWEDEN 6 1/8 98	300	86¼	86¾		8.85
VENEZUELA 8 1/4 93	100	[redacted]	95½		10.56
WORLD BANK 0 15	2000	16	[redacted]		[redacted]
WORLD BANK 5 3/4 96	300	88½	89¼		[redacted]
WORLD BANK 7 1/8 95	500	95¼	95¾	+⅛	[redacted]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]					

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]					

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	[redacted]	[redacted]	[redacted]		[redacted]
KREDIETCORP 7 93 LFr	[redacted]	[redacted]	96¾		[redacted]
WORLD BANK 8 96 LFr	1000	[redacted]	98½		[redacted]
RABOBANK 5 3/4 93 Fl	150	[redacted]	95½		[redacted]
UNILEVER 9 00 Fl	[redacted]	[redacted]	102¾	−⅛	[redacted]
BCE INC 9 5/8 93 C$	300	99¾	100	+⅛	[redacted]
BELL CANADA 10 5/8 99 C$	150	99¾	[redacted]	+⅛	10.64
BRITISH COLUMBIA 9 1/4 93 C$	150	99¾	99¾	+⅛	9.63
EIB 10 1/8 98 C$	130	99½	100¼	−⅛	10.29
ELEC DE FRANCE 9 3/4 99 C$	275	[redacted]	97¾	+⅛	10.33
FORD CREDIT CANADA 10 94 C$	[redacted]	[redacted]	99	−⅛	10.61
GENERAL ELECT CAP 10 1/4 93 C$	175	100¾	101¼		[redacted]
ONTARIO HYDRO 10 7/8 99 C$	[redacted]	102¼	102¾	+⅛	10.60
OSTER KONTROLLBANK 10 1/4 99 C$	[redacted]	100	100½	+⅛	10.25
QUEBEC PROV 10 1/2 98 C$	200	99¾	99¾	+⅛	10.60
ROYAL TRUSTCO 10 1/4 93 C$	100	99¼	99¾		10.60
SWEDEN 9 3/4 93 C$	250	[redacted]	100¾		[redacted]
BELGIUM 9 1/8 96 Ecu	1250	[redacted]	99¾	+⅛	[redacted]
CNT 7 3/8 93 Ecu	250	[redacted]	96½	+⅛	[redacted]
CREDIT LYONNAIS 9 96 Ecu	125	[redacted]	98	−⅛	10.01
DENMARK 7 5/8 96 Ecu	250	91½	[redacted]	+⅛	[redacted]
EEC 7 5/8 94 Ecu	300	96¼	[redacted]		[redacted]
EIB 10 97 Ecu	[redacted]	104	104½		[redacted]
ITALY 10 3/4 00 Ecu	1000	108¼	108½	+⅛	[redacted]
UNITED KINGDOM 9 1/8 01 Ecu	2750	100	100½	+⅛	[redacted]
BP AMERICA 12 1/4 96 A$	100	103¼	103¾	+⅛	11.25
COMM BK AUSTRALIA 13 3/4 99 A$	100	109¼	[redacted]	+⅛	11.92
COUNCIL EUROPE 13 93 A$	50	[redacted]	[redacted]	+⅛	[redacted]
EKSPORTFINANS 12 3/8 95 A$	[redacted]	[redacted]	102	+⅛	[redacted]
FORD CRED AUST 13 93 A$	50	[redacted]	100¾	−⅛	12.86
MCDONALDS CANADA 15 95 A$	100	[redacted]	[redacted]		11.89
NAT AUSTRALIA BANK 14 3/4 94 A$	[redacted]	106¼	[redacted]		11.57
STATE BK NSW 14 1/4 99 A$	[redacted]	[redacted]	109¾		[redacted]
VOLKSWAGEN INTL 15 94 A$	100	[redacted]	107¼	−⅛	[redacted]
ABBEY NATL TREAS 13 3/8 95 £	100	[redacted]	[redacted]	+⅛	10.95
BARCLAYS JERSEY 9 1/2 93 £	250	[redacted]	98¼		10.90
[redacted] 3/4 95 £	300	105¼	[redacted]		10.81
DEUTSCHE BK FIN 11 94 £	225	[redacted]	101¼	+⅛	10.51
EIB 10 97 £	396.5	[redacted]	98	+⅛	10.53
FORD CREDIT FUNDING 9 5/8 93 £	50	97	97¼		11.63
INTER AMER DEV 11 3/8 95 £	75	102½	103		[redacted]
ITALY 10 1/2 14 £	400	96	96¼	+⅛	[redacted]
LAND SECS 9 1/2 07 £	200	83	[redacted]	−⅛	[redacted]
LEEDS PERMANENT 9 1/4 93 £	50	97	[redacted]		11.14
NORWAY 10 1/2 94 £	200	99¾	[redacted]	+⅛	[redacted]
ROLLS-ROYCE 9 5/8 93 £	[redacted]	97	97½	−⅛	[redacted]
SAINSBURY 10 7/8 93 £	100	99¾	[redacted]		[redacted]
SKANDINAVISKA ENSK 13 1/8 95 £	100	105½	[redacted]	+1	11.10
WORLD BANK 11 1/4 95 £	100	102	102½		[redacted]
ABBEY NATIONAL 0 96 NZ$	[redacted]	59	[redacted]	−⅛	[redacted]
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	104	105	−⅛	[redacted]
AIDC 7 7/8 93 FFr	600	96½	96½	+⅛	[redacted]
CREDIT LYONNAIS 10 95 FFr	3200	101½	101½		9.61
EURATOM 7 3/8 98 FFr	500	92¼	92¾	+⅛	9.19

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ALBERTA PROVINCE 1/32 93	500	[redacted]	100.26	[redacted]
ALLIANCE & LEICS 0.08 94 £	300	[redacted]	99.58	[redacted]
BANCO ROMA 0.03 01	200	[redacted]	93.00	[redacted]
BANCO SANTO SPIRITO 93	[redacted]	[redacted]	99.66	6.5000
BELGIUM 1/16 97 DM	[redacted]	[redacted]	100.11	9.1250
BFCE −0.02 96	[redacted]	[redacted]	[redacted]	6.1050
BNP 05	[redacted]	95.88	[redacted]	[redacted]
BRITANNIA 1/10 96 £	[redacted]	[redacted]	99.28	[redacted]
CCCE 06 ECU	[redacted]	[redacted]	[redacted]	[redacted]
CITIZENS FED 0.15 96	[redacted]	[redacted]	[redacted]	[redacted]
COMMERZBK O/S FIN 93	200	99.99	100.09	[redacted]
DENMARK −1/8 96	[redacted]	99.53	[redacted]	[redacted]
DRESDNER FINANCE 1/32 98 DM	[redacted]	[redacted]	[redacted]	[redacted]
ELEC DE FRANCE 1/8 99	[redacted]	[redacted]	[redacted]	[redacted]
FERRO DEL STAT 94	[redacted]	100.45	100.70	[redacted]
HALIFAX 1/10 94 £	[redacted]	99.80	99.90	[redacted]
ITALY 00	500	100.83	100.93	[redacted]
MITSUI FIN ASIA 1/8 96	100	[redacted]	99.65	7.0000
MORGAN (JP) 1/4 97	[redacted]	[redacted]	99.13	6.2500
[illegible]				

CONVERTIBLE BONDS	Issued	Cnv. price	Bid	Offer	Prem.
[illegible]					

* No information available - previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: [redacted] C.cpn=The current coupon. [redacted] CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Continent helps restrict decline at Queens Moat

By David Churchill, Leisure Industries Correspondent

THE SEVERE impact of the [illegible] on the [illegible] was yesterday underlined by Queens Moat Houses, the UK's second largest hotel chain, which announced [illegible] profits of £36.2m for the six months [illegible] July [illegible] compared with [illegible] the same period of 1990.

The downturn would have been even [illegible] but for the group's spread of hotels [illegible] the Continent. Some 90 out of a [illegible] hotels are [illegible] on the Continent and [illegible] accounted for 48 [illegible] of the pre-tax outcome.

The share price closed 3p higher at 87p.

Mr John Bairstow, chairman, said that "trading conditions in the UK in the first half of the financial year were the toughest ever faced by the company." The worst impact was felt during January and February when the Gulf war was at [illegible] height.

"The war affected [illegible] our markets quite sharply," [illegible] "But while the continental markets picked up straight away, the UK recession meant that recovery in the UK was much slower."

Mr Bairstow said that while there had been some upturn in demand for UK hotels which catered for international travellers, the [illegible] had been inconsistent. "We can't [illegible] tify why some hotels [illegible] doing [illegible] and [illegible] than others; there [illegible] no pattern [illegible] it."

[illegible] said that [illegible] German market, where Queens [illegible] operates some 35 hotels and is the largest [illegible] chain, had been buoyant and showed no signs of slowing. Trading profits [illegible] the German hotels increased by [illegible] cent.

Overall profits were reduced by interest payments up from [illegible] to £28.8m – reflecting the expansion of the hotel chain over [illegible] However, a £184m [illegible] May reduced gearing [illegible] about 70 per cent to 45 per cent. The [illegible] was accompanied by an £45m acquisition of some [illegible] hotels in Austria and [illegible] Europe.

However, [illegible] yesterday ruled out any further [illegible]quisitions in the short-term but said that the UK's economic [illegible] "will [illegible] accompanied by especially attractive opportunities to acquire assets and businesses."

Turnover totalled £213.4m (£207.6m). The interim dividend is [illegible] 1.342p (1.22p), payable from fully diluted [illegible] ings [illegible] per [illegible]

[illegible] Lex

Former ADT glazing offshoot in administration

By Richard Gourlay

[illegible] DOUBLE-Glazing, [illegible] UK home improvement company once owned by ADT, the securities and car auction company, has been put into administration less than seven months after its sale back to ADT [illegible] called off at the last moment.

Alpine [illegible] into administration on August 9 with debts of between £2m and £6m according to administrators Leonard Curtis. Until earlier [illegible] year, Alpine was part [illegible] Raptor, a subsidiary of Sechura, itself a Canadian subsidiary of ADT until a reorganisation in January.

ADT [illegible] to have bought Raptor back as part of [illegible] reorganisation, but after the [illegible] approved by Sechura shareholders Raptor was sold to a private [illegible] buyer. [illegible] yesterday.

Raptor [illegible] ADT $31.6m (£18.7m), according [illegible] documents lodged with the Securi[illegible] and Exchange Commission in Washington. ADT expects Raptor to [illegible] that debt this [illegible] through [illegible] sales.

These [illegible] included four home improvement businesses – Dolphin Showers, Sharps Bedrooms, [illegible] Fabrications and Alpine Double-Glazing [illegible] well [illegible] Insight, a travel company. However, a valuation by Lehman Brothers International in [illegible] with the proposed [illegible] of Raptor [illegible] ADT put a [illegible] of between minus C$11.64m and plus [illegible] Raptor's [illegible]

ADT [illegible] valuation last December [illegible] made [illegible] height of recession and included [illegible] loss-making home improvement companies.

Mr George Allison, [illegible] Sechura company secretary, [illegible] yesterday he [illegible] unaware Raptor's sale back [illegible] ADT had not [illegible] ahead.

According to [illegible] administrators, Alpine [illegible] Faithalter in July, less than a month [illegible] it sought [illegible] protection [illegible] creditors. It is not clear who bought Alpine from Raptor or [illegible] it [illegible] Faithalter.

Alpine's last accounts showed pre-tax [illegible] £3.32m [illegible] sales of £8.5m in 1989. The previous [illegible] its [illegible] £1.27m.

Sales had fallen [illegible] £20m in previous years [illegible] the company changed its operations in 1987 from the [illegible] to the [illegible] of double-glazing.

The company is understood [illegible] have faced problems [illegible] its contingent [illegible]

[illegible] of Alpine yesterday refused [illegible] comment on the [illegible] changes of ownership.

Tenacious defence put to the test

Alan Cane on EDS's bid for SD-Scicon, which closes on Saturday

THE STRUGGLE for [illegible]trol of SD-Scicon, the [illegible] computing services company, comes to a watershed [illegible] Saturday with the closure of Electronic Data Systems' final [illegible] of 60p per share.

Whatever the outcome, the battle has significantly enhanced [illegible] City's view of Mr John Jackson, who [illegible] non-executive chairman only weeks before SD-Scicon was put into play with an £111m bid from Cray Electronics.

In May, few would have predicted that the struggle would have [illegible] so long, or [illegible] fought with such tenacity.

SD-Scicon [illegible] in desper[illegible] trouble, its top management discredited after a series of disappointing results, its accounts leaking red ink [illegible] the [illegible] of [illegible] through a huge provision for poorly controlled fixed-price contracts.

[illegible] Aerospace, its main shareholder with 25 [illegible] cent, made it clear it wanted out for cash. (It [illegible] to EDS [illegible] 45p [illegible] share, less than half the price at which it bought in three [illegible] ago).

Cray Electronics, burdened with [illegible] itself recovering from poor results, [illegible] unconvincing [illegible]

However, when EDS, the information technology subsidiary of General Motors of the US, the world's largest industrial company, [illegible] a competitive bid worth £121m, it seemed the battle was effectively [illegible]

The financial and management strengths and technological skills of [illegible] beyond doubt. A bid it made several [illegible] for Logica was only disallowed by the government in [illegible] national interest.

Mr Jackson has a string of directorships in high technol[illegible] companies, but [illegible] the small world [illegible] computing services.

[illegible] decided, nevertheless, [illegible] spearhead SD-Scicon's defence, leaving Mr Philip Swinstead, [illegible] founder [illegible] chief [illegible]tive, [illegible] run the day-to-day busi[illegible]

Mr Jackson [illegible] work [illegible] SD-Scicon's image [illegible] a top quality software house which merited a far higher price than either Cray or [illegible] offering. A key argument [illegible] that [illegible] managers had been brought in [illegible] ensure the fixed price contract debacle would [illegible] recur.

He has [illegible] rewarded by the defeat of Cray, by EDS's increased offer of 60p per share, valuing the company at [illegible] by the decision [illegible] several leading institutional investors [illegible] reject publicly [illegible] offer [illegible] inadequate.

Morgan Grenfell Asset Management, with a 15 per [illegible] stake, [illegible] holds the key [illegible] SD-Scicon's future and is unlikely to declare [illegible] intentions before Saturday.

Two issues remain [illegible] stake. First, [illegible] EDS making SD-Scicon's shareholders [illegible] adequate offer? Second, what [illegible] the consequences of yet another leading UK computing company passing into foreign hands?

The answer [illegible] question turns on [illegible] quality of SD-Scicon's results and [illegible] prospects [illegible] coming year. Last year [illegible] reported a £20m [illegible] At [illegible] half way [illegible] announced pre-tax profits [illegible] and forecast [illegible] less [illegible] £14m for [illegible] year.

Mr Jackson [illegible] figures [illegible] completely clean, [illegible] element of unwanted provisions thrown in.

The figures [illegible] met with [illegible] incredulity by EDS, by SD-Scicon's [illegible] and by the software business [illegible] general. Only three months [illegible] argued, James Capel, SD-Scicon's own broker, was looking for profits of only [illegible]

The computing [illegible] business [illegible] going through [illegible] roughest [illegible] in memory, with companies [illegible] Hoskyns, accepted [illegible] a model [illegible] good management, showing sharply [illegible] growth [illegible] and profits.

SD-Scicon's management points out, however, that [illegible] profit figures [illegible] just over [illegible] per [illegible] of [illegible] remarkable by computing industry standards. By comparison, Hoskyns' half-year profits [illegible] percentage [illegible] sales were [illegible] cent.

Mr Jackson claims that the troubled [illegible] will be completed by the year end; [illegible] 75 per cent of the provisions had already been used in their completion.

EDS points out that a substantial share of SD-Scicon's profits come from its [illegible] vehicle emissions monitoring operation – [illegible] is [illegible] subject [illegible] a legal dispute. SD-Scicon [illegible] forced [illegible] unit, it argues, a claim Mr [illegible] rejects.

The fact [illegible] that [illegible] many of SD-Scicon's institutional shareholders and [illegible] industry observers, [illegible] seems low. Nobody is seriously questioning that at 80p-85p, EDS would [illegible] little [illegible] in securing control of the [illegible]

EDS has consistently argued [illegible] it [illegible] at 45p per share; [illegible] increase [illegible] only [illegible] it [illegible] it [illegible] at [illegible] lower price. It believes [illegible] profits recovery [illegible] will [illegible] neither [illegible] nor easy.

In a final document circulated yesterday EDS warned: "Dreams for the future, [illegible] your [illegible] in the hands of the same [illegible] executive board, are no [illegible] for a certain cash [illegible] today."

There has been plenty of [illegible] from SD-Scicon of white knights waiting in [illegible] wings, but [illegible] would be unrealistic [illegible] expect [illegible] to emerge at [illegible] stage. If EDS's [illegible] Saturday, it will [illegible] unable [illegible] mount a [illegible] hostile bid for a year, leaving [illegible] field clear [illegible] others.

[illegible] question [illegible] SD-Scicon [illegible] a national [illegible] now chiefly academic. It [illegible] generally accepted that only computing services companies with global presence, [illegible] and [illegible] technical skills will [illegible] qualified to compete for [illegible] large [illegible] integration [illegible] to [illegible] awarded in [illegible] future. [illegible] who wins [illegible] Saturday, [illegible] is unlikely to be [illegible] remain independ[illegible] for long.

John Jackson: has won backing [illegible] many institutions

VSEL diversifies offshore

By Andrew Bolger

VSEL, the Cumbrian-based builder of Trident submarines, yesterday announced a small [illegible] strategic acquisition in [illegible] offshore engineering industry.

[illegible] paying [illegible] Industries, which [illegible] and [illegible] a [illegible] of well-[illegible] control equipment used by [illegible] and [illegible] industries. Some of Sealand's [illegible] equipment [illegible] used in petrochemical installations, power generation [illegible] telecommunications. [illegible] will also [illegible] £3.1m [illegible] Sealand's loans.

The [illegible] will [illegible] in Cumbernauld, Scotland, [illegible] VSEL [illegible] future manufacturing [illegible] go to [illegible] group's yard at Barrow-in-Furness, Cumbria, [illegible] jobs will be [illegible] Trident [illegible] down.

Mr Norman Broadhurst, VSEL's finance director, said [illegible] although the acquisition was small [illegible] was important because [illegible] had a strong marketing position in the offshore industry.

[illegible] pre-tax profits of £177,000 [illegible] in [illegible] year to [illegible] At that date it [illegible] of £1.27m.

Mr [illegible] intended [illegible] further acquisitions [illegible] acquire "beach-[illegible]" in the [illegible] industry [illegible] other [illegible] for diversification by the group, waste management and power generation.

VSEL, which had turnover last year of £522.6m, aims to produce of annual turnover of [illegible] least £100m by [illegible] activities.

[illegible] Broadhurst said the [illegible] the current [illegible] 11,200 [illegible] Barrow [illegible] between [illegible] by 1995, [illegible] Trident [illegible] be completed.

[illegible] still [illegible] potential buyers [illegible] its Cammell Laird warship building yard [illegible] Birkenhead [illegible] Merseyside, which employs 2,000 [illegible]

[illegible] Neil MacDonald, [illegible] managing director [illegible] Sealand, will [illegible] managing [illegible] of VSEL's new [illegible] oil [illegible]

Sealand, which employs [illegible] people in Cumbernauld, [illegible] bought [illegible] four [illegible] Triplex Lloyd, the industrial engineering and building prod[illegible] group.

Whinney jumps 59% to £0.5m

By Peggy Hollinger

SHARES IN Whinney Mackay-Lewis jumped 9p to 37p yesterday as [illegible] USM-quoted [illegible] a sharp rise in annual profits and earnings.

Mr Jeremy Mackay-Lewis, chairman, said the group had retained a higher workload than might have been expected during the current downturn in the building sector.

[illegible] profits rose [illegible] per cent [illegible] £576,000 (£362,000) for [illegible] April [illegible] on turnover of £7.66m (£6.65m). The results include the [illegible] in March last year [illegible] Hoggett Lock-Necrews, the Cardiff [illegible]

[illegible] rose 28 per cent to 5.1p [illegible] final [illegible] is [illegible] for a maintained total [illegible] 2p.

Mr Ian Gardner, [illegible] director, said [illegible] earnings increase reflected better management throughout the group, which had been reorganised [illegible] four divisions: urban, regional, interiors and technical and support staff.

Mr John Lock-Necrews, joint managing director, said the [illegible] had resulted in significant [illegible] savings.

[illegible] a difficult year at the Plymouth business, Hitch Associates, resulted in its staff being halved to 10.

The year ended with gross debt at £3.8m (£3.9m). The increase in interest charges from £616,000 to £725,000 was due largely to higher rates, mainly on borrowings against the freehold offices in London. Gearing is 90 per cent.

DIVIDENDS ANNOUNCED

	[illegible] payment	Date of payment	Corres-ponding [illegible]	[illegible] for year	[illegible] last year
Abingworth ....fin	4	Oct 11	1.5	[illegible]	1.5
Abingworth ....int	1.5	Oct 11	nil	-	[illegible]
Benchmark ....fin	nil	-	nil	nil	[illegible]
Britannic Assce ....int	9.2	Oct 4	8	-	[illegible]
Heath (Samuel) ....fin	4	Oct 1	9.5☆	[illegible]	11☆
Nichols (Vimto) ....int	4.6	Oct 26	[illegible]	-	11
N Midland Const ....int	0.5	Sept 27	0.5	-	[illegible]
Queens Moat ....int	1.342†	Oct 21	1.22	-	[illegible]
Rexmore ....fin	1.55	Oct 9	1.55	2.25	[illegible]
Ultramar ....int	3.5	Oct 31	3.5	-	[illegible]
Ward Holdings ....int	0.5	Oct 8	0.5	-	2.6
Whinney Mackay § ...fin	1.25	Oct 3	[illegible]	2	2

[illegible] pence [illegible] net [illegible] *Equivalent [illegible] allowing [illegible] scrip [illegible] capital [illegible] by rights [illegible] acquisition issues. [illegible] 5.5p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Blagden Inds, Glynwed Intl, Hickson Intl, Johnson Group Cleaners, Merlin Intl Green Inv Tst, Molynx, News International, Royal Insurance, Thomson Corporation.
Final- Sutcliffe Speakman.

FUTURE DATES

Interims-

EIS	Sep. 16
Guardian Royal Exchange	Aug. 29
Saatchi & Saatchi	Sep. 5
Trencherwood	Aug. 21
Unidare	Sep. 2

Samuel Heath falls

Samuel Heath & Sons, [illegible] building [illegible] giftware group, reported pre-tax [illegible] down by some 65 per cent, [illegible] to £377,000, for [illegible] year [illegible] March 31 1991, following a drop [illegible] to £210,000 at halftime. Turnover fell from £8.05m to £7.22m.

The [illegible] is unchanged at 5.5p, [illegible] a [illegible] final, but [illegible] time [illegible] a centenary payment of 5.5p. Earnings per share were 8.3p (22.9p).

Abingworth to retain its listing after liquidation

By Charles Batchelor

ABINGWORTH, a venture capital [illegible] with investment [illegible] yesterday [illegible] plans [illegible] listing for [illegible] to [illegible] proposed voluntary liq[illegible]

The aim of [illegible] retained listing, which has [illegible] Inland Revenue and [illegible] Exchange approval, [illegible] allow the management to dispose of its unquoted company invest[illegible] in an orderly fashion.

Abingworth, nevertheless, expects [illegible] 230p [illegible] share [illegible] investors before [illegible] end of 1991. [illegible] expects [illegible] £7.9m from [illegible] in September of a currency hedging arrangement, while a further £4m will come [illegible] sale [illegible] quoted shares.

[illegible] £77.3m [illegible] the June 30 year end, equivalent [illegible] 379p [illegible] share after allowing for a proposed 4p dividend (1.5p) for the year. A [illegible] of £39m was held in gilt-edged securities or cash, [illegible] in quoted shares, [illegible] in unquoted securities.

[illegible] profits [illegible] rose from £557,000 [illegible] £1.42m on [illegible] income [illegible] £1.57m to £2.67m. Earnings increased from 1.9p [illegible] 4.6p. Directors [illegible] an interim dividend [illegible] 1.5p for the [illegible] year.

Shares worth £16.2m [illegible] year for a net gain over cost of £8m. Approval for [illegible] liquidation will [illegible] sought [illegible] meeting [illegible] October 16.

Abingworth Management, [illegible] six-strong executive [illegible] which [illegible] Abingworth, [illegible] five other [illegible] capital funds, four [illegible] which [illegible] based outside the UK. The [illegible] plan to liq[illegible] other funds [illegible] they reach maturity, usually [illegible] about [illegible] years, [illegible] funds.

Across-the-board advance at Britannic Assurance

BRITANNIC [illegible], the Birmingham-based [illegible] insurer, reported an across-the-board [illegible] in new premium income in the first six [illegible] of 1991, writes Richard Lapper.

[illegible] is raised to [illegible] compared [illegible] last [illegible]

The group's ordinary branch performed strongly, with revenues [illegible] life assurance rising [illegible] against [illegible] last year. Ordinary branch pensions jumped 23 per cent [illegible] £36m.

[illegible] business [illegible] performed steadily with assurances [illegible] per [illegible] to £3.95m and pensions up 7.5 per [illegible]

Industrial [illegible] improved to £58m from £55.7m last time.

Underwriting [illegible] grew from £2.41m [illegible] £3.4m [illegible] the [illegible] in premium income to £13.1m.

[illegible] income [illegible] from [illegible]

South Staffordshire to convert to plc

The South Staffordshire [illegible] Company, [illegible] statutory [illegible] companies in which Compagnie [illegible] Eaux, [illegible] French utility, [illegible] a stake, hopes to [illegible] plc [illegible] by [illegible] middle [illegible] November.

[illegible] is [illegible] statutory [illegible]panies [illegible] conversion in order [illegible] on the [illegible] they may [illegible] out, [illegible] activities they [illegible] engage in and [illegible] funding.

[illegible] of the eight [illegible] on [illegible] proposals [illegible] meetings on September 12.

NEWS DIGEST

Burton cash call 88% taken up

ALMOST 88 per cent [illegible] Group's 1-for-1 rights [illegible] up shareholders, in spite of several recommendations from leading analysts [illegible] subscribe [illegible] the offer.

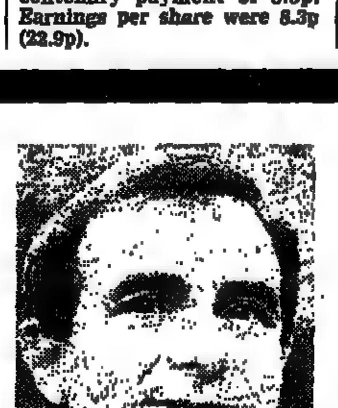
[illegible] of [illegible] issue appeared to [illegible] in some [illegible] one [illegible] price dropped [illegible] the subscription [illegible] 30p; [illegible] in [illegible] past [illegible] days [illegible] yesterday [illegible] up 1p [illegible] 40½p.

Mr Laurence Cooklin, [illegible] executive, said: "We are delighted [illegible] the [illegible] support shown by our shareholders."

The 12 per [illegible] of the [illegible] not taken up by existing share[illegible] was placed [illegible] 37.92p [illegible] share.

In spite [illegible] success of [illegible] issue, Burton still [illegible] a tough job combating current trading conditi[illegible]

Mr Cooklin said Burton would continue [illegible] to dispose of its [illegible] "a price which [illegible] their value".



Laurence Cooklin: chief [illegible] of Burton Group

Flagstone £0.9m in the red

Losses deepened to £934,000 at Flagstone Holdings, [illegible] marine and leisure, property and industrial [illegible] group, in [illegible] year to January 31. [illegible] the half-way stage losses were [illegible] pre-tax [illegible] profits for [illegible] previous year [illegible] £285,000.

Directors said a complete [illegible] demand for both residential [illegible] commercial property and [illegible] recession on the industrial companies in which Flagstone [illegible] forced them to [illegible] provisions.

The company plans [illegible] diver[illegible] on [illegible] Searches for suitable [illegible] are being guided by Mr Cosimo Corsi, who in February acquired a significant stake, and Mr Leonard Daniels. The appointment of [illegible] the [illegible] was announced yesterday.

Turnover in [illegible] 12 months dropped [illegible] (£4.43m). Interest and dividends receivable amounted to £32,000 against a previous £127,000 and interest payable [illegible] £314,000 (£179,000). [illegible] per share [illegible] 0.68p compared with previous earnings [illegible] 0.17p.

Losses of £397,000 at Ward Holdings

Ward Holdings, [illegible] property group, moved into [illegible] in the half year ended April 30 1991, as turnover fell, particularly in housebuilding.

The [illegible] through [illegible] £397,000, against profit [illegible] £1.64m, on turnover 36 [illegible] down [illegible] £14.3m. [illegible] dropped from [illegible] £10m.

Mr [illegible] Ward, chairman, [illegible] it [illegible] now [illegible] project [illegible] resurgence of [illegible] market would be delayed until 1992.

While [illegible] majority [illegible] the land bank had a value considerably exceeding cost, directors [illegible] to [illegible] value of certain specific [illegible] acquired in [illegible] the end [illegible] October.

The group's property devel[illegible] operation had [illegible] unduly affected, [illegible] said, [illegible] positive market interest had [illegible] sustained.

[illegible] were 0.5p (earnings 2p). [illegible] interim dividend [illegible] again 0.5p.

Nichols (Vimto) holds steady

In spite of a reduction in sales, JN Nichols (Vimto), [illegible] drink manufacturer, [illegible] interim pre-tax profit at £3.16m, against £3.1m.

The [illegible] drinks market suf[illegible] considerably from [illegible] poor [illegible] in [illegible] six months ended June 30, and turnover dropped [illegible] £22.7m (£24.9m).

The [illegible] most [illegible] on the [illegible] carbonated [illegible] drinks, although Vimto increased its market share. Lack of demand [illegible] packing at [illegible] Canners meant its turnover was half that [illegible]

Exports to the Middle East had been high as the region [illegible] more stable [illegible] the Gulf war. For [illegible] in many years, shipments [illegible] were made [illegible] Egypt.

Earnings per share [illegible] 13.2p (12.6p). The interim divi[illegible] is 4.6p (4.3p).

Marginal decline [illegible] £1m at Rexmore

[illegible] profits [illegible] Rexmore, [illegible] Liverpool-based contract furnishing and timber group, dipped from £1.03m [illegible] £1m over [illegible] 12 [illegible] 30 1991.

Turnover totalled £43.4m (£54.2m) in [illegible] trading conditions. However, the figure [illegible] increase of [illegible] cent [illegible] stripping [illegible] and [illegible] softwood side of Hunter Fowles, both disposed of in 1989-90.

After tax reduced to £248,000 (£402,000) and minorities of £21,000 (£28,000) earnings per share emerged at 4.75p (3.57p). The total distribution [illegible] maintained [illegible] 2.25p via an unchanged final [illegible] 1.55p.

Extraordinary charges of [illegible] related mainly [illegible] closures of businesses.

Receiver for Western Selection offshoot

[illegible] Selection has not [illegible] arrange [illegible] equity finance for [illegible] Duratube [illegible] subsidiary, [illegible] National [illegible] Bank, the debenture holder, has been asked to appoint administrative [illegible] for that company.

Full provision against [illegible]ern's investment in Duratube was [illegible] in [illegible] interim figures published in July.

Directors [illegible] providing for [illegible] cash deposited by [illegible] with NatWest as further security for [illegible] made [illegible] to Duratube by [illegible] bank, because [illegible] uncertainty as [illegible] by [illegible] holder.

14% drop [illegible] North Midland Construct'n

Reduced margins caused by [illegible] competition in [illegible]struction industry [illegible] a 14 per [illegible] drop to £452,000 in [illegible] profit at North Mid[illegible] Construction. Profits [illegible] time [illegible]

Currently, [illegible] ably strong [illegible] but [illegible] second half [illegible] unlikely to [illegible] any improvement, directors said. The group is in civil engineering, building and public [illegible] contracting.

Turnover in [illegible] period [illegible] June [illegible] rose [illegible] £13m (£12.3m). Earnings per share [illegible] 3.01p (3.43p) and the interim [illegible] again 0.5p.

SeaCon in [illegible] black in second quarter

[illegible] Containers, [illegible] lessor, [illegible] operator and [illegible] industry property investor, yesterday reported [illegible] earnings [illegible] $16m [illegible] from [illegible] for [illegible] second quarter to June 30.

[illegible] deducting first quarter [illegible] the outcome for the [illegible] month period [illegible] reduced [illegible] $9.5m on total reve[illegible] $172.8m.

Prior year comparisons are not meaningful [illegible] of major asset sales and restructuring which [illegible] place in the first half of 1990.

Mr [illegible] Sherwood, president, said marine container demand had continued strong in [illegible] second quarter and the outlook for [illegible] third quarter [illegible] equally good.

[illegible] had completed a public offering [illegible] 8 [illegible] cent convertible preference [illegible] in July, and [illegible] in the process [illegible] retiring £23m [illegible] 14 [illegible] preferred [illegible] That would improve annual earnings [illegible] shares by [illegible] $1.4m, Mr [illegible]

Benchmark finishes with £4.9m deficit

After significant provisions, [illegible] Group, [illegible] financial [illegible] combine, finished with a loss of £4.93m for the year [illegible] June 30 [illegible] compared [illegible]

[illegible] rights issue in June [illegible] and substantially [illegible] the net [illegible] position [illegible] provisions, including extraordinary items, [illegible] £7.75m.

Banking [illegible] a profit of £1.25m. Its agricultural leasing [illegible] made [illegible] increasingly important contribution; mar[illegible] were maintained in spite of intense competition and tight credit control had minimised bad debts.

Property reported a [illegible] £4.52m, reflecting provisions of £4.21m made against the stock of completed but unsold prop[illegible]

Winding-down of the stockbroking division was substantially completed. Extraordinary provision [illegible] was made in the interim results.

Turnover came [illegible] £18.8m [illegible] Losses per share were 8.42p (0.84p) and [illegible] no dividend (0.75p interim).

As outlined in April, impetus for growth would come from diversifying into industry [illegible]tors complementary [illegible] those of [illegible] Hong [illegible]ong Group Malay[illegible] and FLS Industries.

Japanese selling pushes platinum down $5 more

By Kenneth Gooding, Mining Correspondent

PLATINUM'S PRICE plunged again yesterday to close in London [redacted] a troy ounce down [redacted] Traders [redacted] the market was "thin and nervous" [redacted] another drop was triggered by *Japanese investors cutting* their [redacted] on [redacted] to buy platinum for future delivery.

Japanese [redacted] platinum market and since the begining [redacted] August have been liquidating their [redacted] in response to [redacted] series of bearish developments for the precious metal, which [redacted] primarily in automotive catalysts [redacted] jewellery.

The selling has forced platinum to [redacted] lowest level for [redacted] and a half years and to a discount [redacted] gold – something that [redacted] happened only briefly [redacted] *two occasions since* [redacted]

Some analysts suggested that the discount to gold could widen from yesterday's $11.25 an [redacted] soon because the [redacted] interest in [redacted] Tokyo Commodity Exchange's platinum market yesterday [redacted] 390,909 lots, representing [redacted] of platinum. It [redacted] at its highest level since Tocom [redacted] listing the metal in [redacted]

One Tokyo trader [redacted] the situation as "something like a time-bomb". Individual investors, who [redacted] for *more than* [redacted] *per cent of the* [redacted] interest, could stay in [redacted] market as long [redacted] they paid margin calls, [redacted] pointed out, "but many may not [redacted] willing to do this".

He said: "Most [redacted] are bearish and see no prospect for [redacted] fundamental news to push up prices. So the investors [redacted] cut their [redacted] and [redacted] of the market. There could [redacted] bandwagon mentality [redacted] sell".

Mr Andy Smith, analyst with Union Bank [redacted] Switzerland, pointed [redacted] exports of platinum [redacted] *having* [redacted] *impact* [redacted] platinum price by helping [redacted] give the impression [redacted] awash [redacted] metal.

A 20 per cent fall in the price of rhodium in the past [redacted] weeks to below [redacted] ounce [redacted] were not confining precious metal exports [redacted] platinum, he suggested.

Hudbay in C$187m project go-ahead

By Kenneth Gooding

HUDSON BAY Mining and Smelting [redacted] going [redacted] with [redacted] (£96.4m) [redacted] programme [redacted] metallurgical complex which [redacted] *threatened* [redacted] *closure* by [redacted] Canadian anti-pollution regulations which [redacted] into force in [redacted]

This follows the acquisition of Hudbay for C$100m by Minorco, the Luxembourg-based [redacted] of the Anglo American Corporation of South Africa.

Minorco has provided C$20m of interim finance [redacted] engineering work can continue while arrangements [redacted] in [redacted] the project are [redacted]

Hudbay's previous owner, Inspiration Resources, the US [redacted] resources group which in turn is 56 per cent-owned by *Minorco, was having difficulty* putting the finance in place.

This jeopardised [redacted] jobs in the Flin Flon area because Hudbay must [redacted] sulphur dioxide emissions – which [redacted] acid rain – from the complex by [redacted] per [redacted] by 1994.

However, the Manitoba provincial *government* [redacted] *now* offering [redacted] towards [redacted] and Minorco is negotiating with the federal government for another C$25m. The Bank of Nova Scotia is also expected to provide C$80m in loans.

[redacted] *Inspiration or Hudbay*, Minorco [redacted] cash-rich. It had [redacted] in [redacted] December 31 [redacted] year. [redacted] Dale Powell, Hudbay's vice-president, human resources, said yesterday that orders for equipment with long [redacted] had already been placed and [redacted] work *would start immediately* [redacted] in place. He said [redacted] would [redacted] completed by the end of 1993.

Among other things, the Manitoba complex will get [redacted] new [redacted] system and [redacted] major [redacted] to [redacted] smelter.

[redacted] year Hudbay produced *137m lbs of refined* [redacted] 162m lbs of slab zinc as well as 82,000 troy [redacted] of gold, 1.64m ounces of silver and 9.8m lbs of nickel. Its [redacted] earnings [redacted] from [redacted]

In a separate transaction, Minorco [redacted] converted its Inspiration A [redacted] common [redacted] and raised [redacted] voting [redacted] *in Inspiration* from 42 per cent to 56 per cent in the [redacted]

Doubts on L American coffee pact prospects

By Victoria Griffith in Rio [redacted] Janeiro

THE BRAZILIAN Coffee Committee, the body representing the key [redacted] in [redacted] country's [redacted] market, [redacted] voted to support a policy [redacted] would call [redacted] Latin [redacted] *producers* to withhold 10 per [redacted] production.

The Committee will [redacted] today in [redacted] York, with [redacted] from Colombia, [redacted] Rica, El [redacted] *Honduras* [redacted] *negotiate* [redacted] of such a plan. The [redacted] fee [redacted] is hoping [redacted] will [redacted] sagging international [redacted] prices.

The plan was originally proposed by [redacted] Colombians. Under [redacted] ment, [redacted] of [redacted] 1.7m bags.

Brazilian [redacted] sceptical of [redacted] viability [redacted] a Latin American coffee accord. They point out that the [redacted] try will [redacted] the [redacted] support [redacted] World Bank [redacted] *respective* [redacted] governments to [redacted] stock [redacted] far, [redacted] government [redacted] any [redacted] deal.

A Latin [redacted] accord [redacted] at boosting [redacted] prices, excluding [redacted] producers in Africa.

"[redacted] if [redacted] do manage to [redacted] stocks," [redacted] trader, "[redacted] would [redacted] problem. For instance, [redacted] to make sure all [redacted] fulfill [redacted] part of [redacted] bargain? Supervision will [redacted] difficult. And [redacted] market anyway. I don't think [redacted] kind of [redacted] *significant* [redacted] in prices."

World [redacted] producers [redacted] to [redacted] in [redacted] talk [redacted] possible return to an international accord. [redacted] coffee market is increasingly sceptical [redacted] very much [redacted] from the meeting.

Brazil [redacted] unlikely to accept a lower quota than it had two years ago, when it left the international coffee organisation, a [redacted] traders deem [redacted] for [redacted] agrement. And [redacted] point out that the logistics of administering such [redacted] accord would take months [redacted] out.

■ The Ivory Coast's 1990-91 (November-October) coffee production is likely to be about [redacted] tonnes [redacted] export availability will be boosted by [redacted] 30,000-tonnes carryover, [redacted] senior government official said, reports Reuters from Abidjan.

In January the [redacted] Department [redacted] Agriculture forecast [redacted] *tonnes compared* [redacted] about [redacted] tonnes in 1989-90.

Fashion takes the gold out of alpaca fleece

Sally Bowen looks at efforts to put the sheen back into a Peruvian business in crisis

On the unpromisingly barren high Andean plateau towards Lake *Titicaca* [redacted] *of alpaca roam* [redacted] they have for over 6,000 years. For many Peruvian Indians, these animals represent the only [redacted] capital they possess.

For Peru's southern [redacted] of Arequipa, exports of alpaca fibre, cloth and [redacted] represent four-fifths of [redacted] foreign [redacted] rency earnings.

However, the Peruvian alpaca industry, worth upwards of [redacted] annually, is in crisis. Always closely [redacted] international wool price levels, alpaca [redacted] slumped to [redacted] *third of* [redacted] *price of three* [redacted], when [redacted] kilogram of high[redacted] quality [redacted] alpaca "top" fetched [redacted]

"The current alpaca price [redacted] virtually the [redacted] wool – that's [redacted] in historical terms," [redacted] Mr Anthony [redacted] who [redacted] Arequipa-based operation [redacted] father founded [redacted] years ago.

"There's a current fashion trend away from 'hair-out' [redacted] such [redacted] mohair and alpaca," according to Mr Francois Patthey, general manager of [redacted] Tops, whose father founded the company. [redacted] ell's rival, [redacted] "Additionally, [redacted] world [redacted] moving [redacted] ever lighter fabrics, [redacted] adds."

Alpaca [redacted] – [redacted] hair, [redacted] wool - normally weighs [redacted] about [redacted] 27 microns, against [redacted] fashion preferences for 21 [redacted] 22. "Baby", *which* [redacted] *from young ani*mals or [redacted] short neck hair of adult beasts, can [redacted] those requirements, but only around [redacted] per [redacted] of [redacted] alpaca production is "baby".

Peru [redacted] home [redacted] about 70 per [redacted] of [redacted] world's alpaca population. And [redacted] two Arequipa firms, [redacted] Inca Tops, *have* [redacted] *virtual monopoly on* Peruvian alpaca, buying between [redacted] and three [redacted] each annually. Their agents purchase [redacted] farmers throughout [redacted] Peruvian Andes, but fleeces are scoured [redacted] *sorted* [redacted] Arequipa. Sorting [redacted] a unexpectedly complex process involving selection for colour [redacted] quality [redacted] produce around a [redacted] products.

For [redacted] Inca Tops, [redacted] past [redacted] decades [redacted] by a progressive move into manufacturing. [redacted] fleece exporters [redacted] spinning and weaving operations since [redacted] early [redacted] and [redacted] past couple [redacted] into [redacted] currently [redacted] profitable [redacted] of [redacted] ket, alpaca knits.

[redacted] Tops, in association [redacted] Italian [redacted] firm Laniere Agnona, began producing upmarket alpaca fabrics in the early 1980s. Exports of cloth [redacted] now [redacted] about $7m [redacted] [redacted] *And their* [redacted] tion Tumi Knits, started in 1986, already employs 400 workers [redacted] *will export* [redacted] year.

[redacted] produced [redacted] sophisticated, computer-controlled Japanese knitting [redacted] Inca Tops [redacted] in [redacted] four [redacted] far [redacted] susceptible [redacted] price fluctuations [redacted] fibre [redacted] tops," [redacted] Patthey.

Apart from the, probably temporary, world [redacted] problem and an over-valued [redacted] currency, supply is [redacted] alpaca industry. [redacted] alone [redacted] capacity to [redacted] all [redacted] alpaca [redacted] Peru's couple of million [redacted] produce.

"Supply [redacted] always [redacted] headache for us," [redacted] Anthony [redacted] "Indian farmers [redacted] poorly educated, yields [redacted] animal [redacted] tality [redacted] high. If [redacted] rise, [redacted] *problems* meeting it."

Michell compensates for [redacted] supply by purchasing [redacted] processing sheep wool alongside [redacted] alpaca operation [redacted] produce blends. Another venture, [redacted] *far only embryonic*, [redacted] breeding [redacted] for hair, [redacted] mix with alpaca for specialist [redacted] cloths.

Angora [redacted] suffered the [redacted] temporary [redacted] fate as all hair-out fibres, and Michell's rabbits [redacted] been cut from 25,000 back to 10,000. The price of hair, [redacted] per kilo[redacted] *they* [redacted] the experiment, [redacted]

Both companies have attempted [redacted] the low yield problems [redacted] by primitive alpaca farming methods. Michell [redacted] an experimental farm in the high Andes [redacted] *Puno, while Inca* Tops financed a foundation [redacted] Arequipa.

Both concentrated on basic education [redacted] alpaca farmers, improving genetic characteristics by simple [redacted] and birth survival rates by better husbandry techniques. "It [redacted] quite simple [redacted] double or triple the [redacted] 5 lb yield [redacted] which [redacted] considered the norm here," says Mr Patthey.

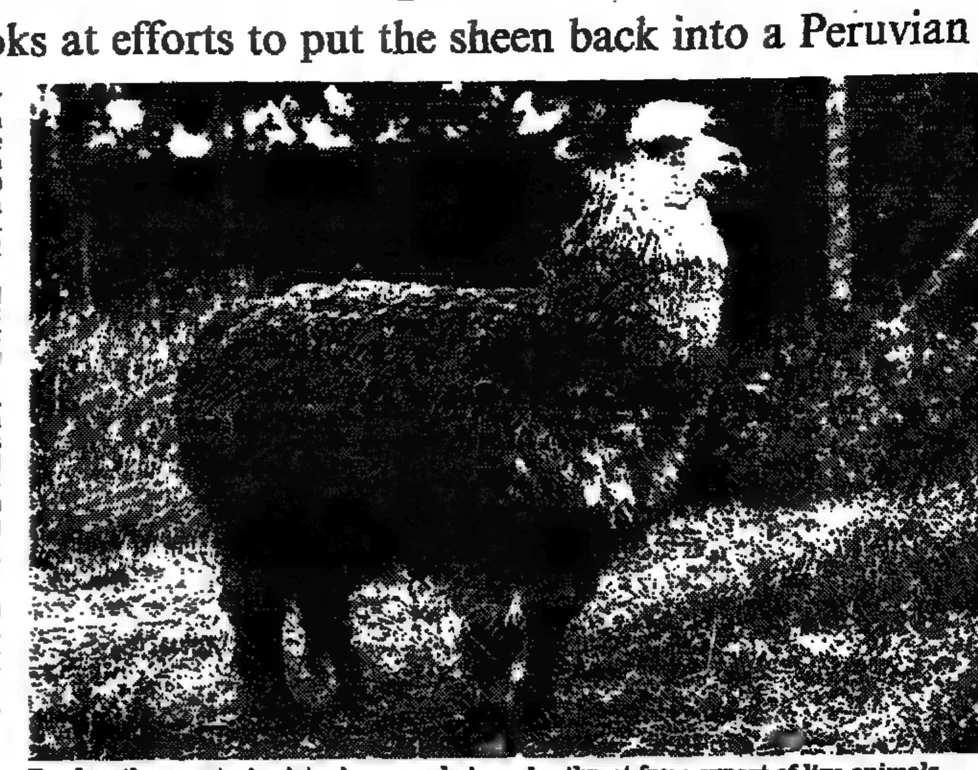
The [redacted] experimental centres, however, [redacted] recently suffered major setbacks. Last year Michell's Puno farm was the target of a terrorist attack which destroyed installations and caused technicians to pull out.

At the same time the Inca Tops research centre near Arequipa was badly affected by ash from the nearby Saban[redacted] volcano – the animals, [redacted] respiratory systems were suffering damage, had to be moved away to safety.

Michell and Inca Tops are sanguine [redacted] the [redacted] downturn in world demand. "We're used [redacted] and downs," [redacted] Tony Michell. "Alpaca will always [redacted] a future – [redacted] unique."

Peru's virtual monopoly on [redacted] fibre could soon [redacted] challenged, [redacted] legislation permits, for the first time, the export of live alpacas. Hitherto, Peruvian and Bolivian *animals* have only trickled out illegally over the border into Chile, which does a small but thriving export trade in [redacted] – [redacted] alpaca can fetch up to $10,000 in the US or New Zealand.

Peruvian conservationist Mr Carlos Chirinos warns: "Exports of live animals means giving away *our golden eggs*. Other more technologically advanced countries will soon have a population of llamas and alpacas greater than ours and they'll flood the important world textile market."



Exodus: the country's virtual monopoly is under threat from export of live animals

Brazil's orange concentrate exports to rise

GROWERS [redacted] the [redacted] of [redacted] Sao Paulo state [redacted] their [redacted] country's 1991-92 orange crop [redacted] boxes, reports [redacted] from Araraquara.

[redacted] would be unchanged [redacted] last year [redacted] still [redacted] below [redacted] harvest of 290m boxes.

Mr Jose Luiz Cutrale, [redacted] of Sucocitrico [redacted] in [redacted] city of Araraquara, [redacted] be [redacted] by [redacted] frozen concentrated orange juice industry for export. About 40m [redacted] will be consumed domestically [redacted] exported.

Cutrale, the world's biggest [redacted] with over 10m trees, accounts for [redacted] per [redacted] of Brazil's orange juice exports, Mr [redacted] said. Brazil is the biggest exporter [redacted] FCOJ, with [redacted] 80 [redacted] cent of the world [redacted]

[redacted] *FCOJ* exports [redacted] tonnes, up [redacted] tonnes [redacted] Paulista [redacted] was exported [redacted]

As of June 30 there was [redacted] of [redacted] 127,000 tonnes [redacted] juice [redacted] year, slightly above the 100,000 tonnes considered normal.

Many juice producers [redacted] operating [redacted] below capacity levels. Mr Cutrale, who sup[redacted] juice for the Coca [redacted] Company's Minute Maid brand, said he would produce [redacted] tonnes of juice this year, the same as last year but [redacted] from 310,000 in [redacted] The industry has the capacity to process 300m boxes a year.

[redacted], which like Cutrale [redacted] 30 [redacted] of [redacted] export market, supplies to Tropicana in [redacted] US. [redacted] orange juice plant in the town of [redacted] is [redacted] largest in the world, with the capacity to crush 400,000 boxes a day. Currently it is only crushing [redacted] to [redacted] boxes.

Export receipts will total [redacted] least $1bn, juice processors said, [redacted] final figure will depend on the New York futures [redacted], currently [redacted] $1.16 a lb.

[redacted] Brazilian [redacted] and juice [redacted] been hit hard by low [redacted] prices over [redacted] past six months, [redacted] they believe prices [redacted] start to climb.

"The tendency will be for prices to improve during this year," Mr [redacted] Low prices [redacted] already [redacted] to [redacted] a [redacted] world consumption [redacted] expected to rise by [redacted] to [redacted] per [redacted] 30 [redacted] in Asia alone.

Mr Rogerio Braga, [redacted] director of Cambuhy Empreendimen[redacted] Agropecuarios, which expects to begin producing FCOJ in 1992, believes the low price cycle [redacted] *last another 12* months.

"After 18 months [redacted] low prices [redacted] demand will begin push up prices," Mr Braga predicted.

French harvest record forecast

FRANCE'S TOTAL 1991-92 (July-June) grain [redacted] expected [redacted] reach [redacted] tonnes, up [redacted] per cent [redacted] 55m-tonne harvested [redacted] year, according [redacted] the French agriculture ministry's [redacted] estimate, [redacted] Reuters from [redacted]

The previous [redacted] was set in [redacted] when grain production reached 57.96m tonnes.

The country's maize production is projected to reach 12.25m tonnes, [redacted] 32 [redacted] cent from last year's drought-stricken crop [redacted] 9.29m tonnes.

[redacted] oilseeds crop is estimated [redacted] tonnes, up 8.7 per cent from last year's 4.63m, with [redacted] *sunflower seed crop at* [redacted], up 10.7 per cent on last year's 2.41m [redacted]

WORLD COMMODITIES PRICES

MARKET REPORT

TECHNICALLY-INSPIRED buying in [redacted] *York yesterday sparked* off a sharpish rally in [redacted] prices [redacted] took London's December *position close* [redacted] psychologically important £700-a-tonne mark. That level was breached at [redacted] beginning of last [redacted] has, [redacted] back, been challenged [redacted] times since. The price closed [redacted] *tonne, up £14 on* [redacted] *day.* Traders [redacted] there was no news behind [redacted] recovery, which was largely technical and stemmed from a general feeling [redacted] market may [redacted] a trough. Coffee prices were also steadier [redacted] their [redacted] *fall*. The November [redacted] gained £6 [redacted] reacted [redacted] development [redacted] Tuesday [redacted] heavily oversold situation. [redacted] London Metal Exchange [redacted] aluminium *market* [redacted] recent price slide [redacted] five days [redacted] dealer selling [redacted] off stop-loss selling orders during the morning. The [redacted] price [redacted] at $1,257.50 [redacted] tonne. The [redacted] result [redacted] yesterday's [redacted] on [redacted] proposed [redacted] reached by [redacted] eight unions involved in the [redacted] at Chile's El Teniente copper mine. The [redacted] position [redacted] higher [redacted] £1,316 [redacted] tonne.

Compiled from Reuters

London Markets

[redacted]

Crude oil (per barrel FOB)		+ or -
Dubai	[redacted]	-0.10
[redacted] (dated)	[redacted]	[redacted]
[redacted] (Oct)	[redacted]	-0.05
W.T.I. (1 pm [redacted])	[redacted]	-0.25

Oil products ([redacted] prompt delivery per [redacted] CIF)		+ or -
[redacted]	$247-259	-1
[redacted]	$188-189	
Heavy [redacted]	$67-69	-1
Naphtha	$200-202	-4
Petroleum Argus [redacted]		

Other		+ or -
Gold (per troy oz)♣	$357.25	+0.50
[redacted] (per [redacted] oz)♣	[redacted]	-0.5
Platinum [redacted]	[redacted]	[redacted]
Palladium [redacted]	[redacted]	[redacted]
Copper (US Producer)	[redacted]	-2
[redacted] (US Producer)	50c	
Tin (Kuala Lumpur market)	15.40r	
Tin ([redacted] York)	263	[redacted]
Zinc (US Prime Western)	[redacted]	
Cattle (live weight)†	105.65p	-0.18*

SUGAR – London FOX			($ per tonne)	
[redacted]	[redacted]	[redacted]	High/Low	
Oct	195.00	192.40	[redacted]	[redacted]
[redacted]	[redacted]	185.00	[redacted]	[redacted]
[redacted]	[redacted]	181.00	181.40	[redacted]
May	182.80	183.00	[redacted]	[redacted]
Aug	185.40	[redacted]	[redacted]	[redacted]
Oct	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	High/Low	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	268.9	[redacted]	[redacted]	[redacted]
Mar	267.0	[redacted]	[redacted]	[redacted]
May	267.0	[redacted]	268.0	[redacted]

Turnover: [redacted] 721 (842) [redacted] 50 [redacted]
White 940 (1293)
Paris- White (FFr [redacted] tonne): [redacted]

CRUDE OIL – IPE			$/barrel	
	[redacted]	[redacted]	[redacted]ow	
Sep	19.29	[redacted]	[redacted]	19.24
Oct	[redacted]	19.62	19.59	[redacted]
Nov	[redacted]	19.71	[redacted]	[redacted]
Dec	[redacted]	19.67	19.70	[redacted]
Jan	[redacted]	[redacted]	19.54	19.52
Mar	19.43	19.45	19.43	
IPE [redacted]	19.51	[redacted]	19.51	

Turnover [redacted] (18777)

GAS OIL – IPE $/tonne

COCOA – [redacted] FOX			[redacted]	
	[redacted]	[redacted]	High/Low	
[redacted]	658	642	659	649
[redacted]	698	684	699	688
[redacted]	734	719	[redacted]	726
May	[redacted]	737	754	[redacted]
Jul	[redacted]	757	772	[redacted]
Sep	791	776	[redacted]	[redacted]
Dec	[redacted]	802	814	805
Mar	[redacted]	826	[redacted]	[redacted]
May	[redacted]	[redacted]	[redacted]	[redacted]
Jul	[redacted]	[redacted]	[redacted]	[redacted]

Turnover: 7200 (6004) lots of [redacted]
ICCO Indicator prices (SDRs [redacted] tonne). [redacted] 825.65 [redacted] 10 day [redacted] 14 [redacted]

COFFEE – London FOX			[redacted]	
	[redacted]	[redacted]	High/Low	
[redacted]	506	500	511	[redacted]
[redacted]	530	524	535	[redacted]
Jan	[redacted]	[redacted]	555	[redacted]
[redacted]	569	562	573	569

Turnover:6278 [redacted] lots of 5 tonnes
ICO Indicator [redacted] (US cents per pound) for Aug 12 : Comp. daily [redacted] age 63.24 (63.40)

[redacted] – London FOX			[redacted]	
	[redacted]	[redacted]	High/Low	
Mar	[redacted]		116.0	
Apr	[redacted]	[redacted]	[redacted]	[redacted]

Turnover [redacted] lots [redacted] 20 tonnes.

[redacted] – London FOX			[redacted]
	[redacted]	[redacted]	High/Low
Dec	133.00	132.50	133.00

Turnover 20 [redacted] tonnes.

[redacted] METAL EXCHANGE		(Prices supplied by Amalgamated Metal Trading)				
	Close	Previous	[redacted]	AM [redacted]	[redacted]	[redacted]
Aluminium, 99.7% purity ($ per tonne)					[redacted] daily [redacted] lots	
Cash	1257-8	1265-7	1258	1257-8		
3 months	[redacted]	1296-7	1294/1287	[redacted]	1289-90	[redacted] lots
[redacted] Grade A (£ per tonne)					Total [redacted] 22,330 [redacted]	
Cash	1315.5-6.5	1308-10	1320/1317	1317-8		
[redacted]	[redacted]	1330-1	[redacted]	[redacted]	1340-1	[redacted] lots
[redacted] (£ per tonne)					[redacted] 800 [redacted]	
[redacted]	[redacted]	322.25-2.75	[redacted]	[redacted]		
3 months	[redacted]	[redacted]	[redacted]	[redacted]	333-4	[redacted]
Nickel [redacted] tonne)					Total [redacted] 2822 [redacted]	
Cash	8175-85	8220-30	[redacted]	8190-5		
3 [redacted]	[redacted]	[redacted]	8180/8155	[redacted]	8165-70	13,300 [redacted]
[redacted] ($ per [redacted])					Total daily [redacted] lots	
Cash	5680-3	5670-80	5665/5651	5650-1		
3 [redacted]	5751-2	5762-5	[redacted]	[redacted]	5745-46	
Zinc, Special High Grade ($ per tonne)					[redacted] lots	
[redacted]	1057-9	[redacted]	1057	1057-7.5		
3 [redacted]	[redacted]	1073.5-4.0	1075/1073	[redacted]	1075-6	[redacted] lots

LME Closing £/$ rate:
SPOT: 1.6875 3 months: 1.6684 [redacted]

LONDON BULLION MARKET
(Prices supplied [redacted] N.M.Rothschild)

[redacted] $ [redacted]		£ equivalent
Close	357.00-357.50	
Opening	356.50-356.90	
Morning fix	[redacted]	211.159
[redacted] fix	[redacted]	210.624
Day's high	[redacted]	
Day's [redacted]	[redacted]15-355.45	

Loco Ldn Mean [redacted] Lending Rates [redacted]			
1 month	5.22	6 months	5.10
[redacted]	5.19	12 [redacted]	[redacted]

New York

GOLD 100 troy oz.; $/troy [redacted]				
	[redacted]	Previous	High/Low	
Aug	[redacted]	356.3	356.0	355.5
[redacted]	[redacted]	[redacted]	0	0
[redacted]	360.3	358.9	361.3	357.3
Dec	[redacted]	362.2	364.6	360.6
[redacted]	[redacted]	[redacted]	365.9	365.0
Apr	369.9	368.6	[redacted]	367.0
Jun	373.1	371.8	[redacted]	[redacted]
Aug	376.4	373.7	0	[redacted]
Oct	379.6	[redacted]	[redacted]	0

CRUDE OIL [redacted] US [redacted]				
	[redacted]	Previous	High/Low	
Sep	21.29	[redacted]	[redacted]	21.16
[redacted]	21.29	[redacted]	21.48	21.20
[redacted]	[redacted]	21.45	21.41	[redacted]
Dec	21.22	21.32	21.33	21.14
Jan	21.07	21.19	21.17	21.05
[redacted]	[redacted]	20.92	20.90	20.82
May	20.67	[redacted]	0	0
Jun	20.65	[redacted]	[redacted]	20.65

[redacted] OIL [redacted] US [redacted]				
	[redacted]	[redacted]	High/Low	
[redacted]	[redacted]	5977	5995	[redacted]
[redacted]	6260	[redacted]	6290	6225
[redacted]	6280	6300	6295	6255
[redacted]	[redacted]	[redacted]	[redacted]	6135
Apr	[redacted]	5695	5700	5680
May	[redacted]	5535	5535	[redacted]
Jun	5648	[redacted]	[redacted]	[redacted]

COCOA 10 [redacted] tonnes				
	[redacted]	[redacted]	High/Low	
Sep	[redacted]	[redacted]	1055	1038
Dec	1112	[redacted]	1122	1103
Mar	1152	1147	1159	1147
May	1177	1173	1180	1171
Jul	1199	1196	1200	1195
Sep	1223	1217	1226	1220
[redacted]	[redacted]	1252	1260	1253
[redacted]	1290	1290	1298	1290
[redacted]	[redacted]	1312	1312	1311
Jul	[redacted]	1332	1345	1330

Chicago

SOYABEANS 5,000 [redacted] min; [redacted] bushel				
	[redacted]	Previous	High/Low	
[redacted]	[redacted]	548/4	553/4	538/0
[redacted]	[redacted]	551/0	556/0	539/4
[redacted]	550/2	560/0	566/2	549/0
Jan	561/4	569/6	576/0	560/0
Mar	572/0	580/2	588/4	570/0
[redacted]	578/4	587/0	592/6	578/4
Jul	[redacted]	592/0	598/0	584/0

[redacted] OIL 60,000 lbs; [redacted]				
	[redacted]	Previous	High/Low	
[redacted]	[redacted]	19.55	19.64	19.18
[redacted]	[redacted]	19.63	19.76	19.26
Oct	19.49	19.80	19.92	19.43
Dec	19.81	20.14	20.29	19.76
Jan	19.98	20.36	20.45	19.98
[redacted]	20.30	20.66	20.80	20.30
May	[redacted]	20.82	21.05	20.55
Jul	20.86	21.10	21.30	20.86
Sep	20.95	21.30	0	0

[redacted] MEAL 100 [redacted]				
	Close	[redacted]	High/Low	
Aug	171.9	178.0	179.0	171.6
Sep	171.1	176.0	177.5	170.5
Oct	170.7	174.1	175.0	170.5
[redacted]	171.4	174.3	175.8	170.8
[redacted]	171.7	174.4	175.8	171.5
Mar	[redacted]	175.0	176.3	172.5
May	[redacted]	174.6	176.5	172.8
Jul	172.5	174.8	177.0	172.2

MAIZE 5,000 bu min; cents/56lb bushel				
	[redacted]	[redacted]	[redacted]	
[redacted]	243/4	[redacted]	253/4	243/0
[redacted]	247/4	256/6	258/0	247/0
Mar	[redacted]	264/0	266/2	255/0
May	[redacted]	[redacted]	270/2	260/0
Jul	264/0	[redacted]	272/4	[redacted]

هكذا من الأجل

LONDON [redacted] EXCHANGE

Equities rise to [redacted] FT-SE 100 high

By Daniel Green

LONBON stocks climbed to new highs yesterday as institutions responded to the [redacted] of [redacted] rights issues and favourable interpretations of economic indicators.

Fund managers moved decisively into long-overlooked second-line [redacted] triggering shortages of stock [redacted] the more cyclical [redacted] as engineering and construction.

Most remaining doubts over the view that German interest rates [redacted] rise today [redacted] when German money rates rose [redacted] around [redacted] cent [redacted] three-month deposits. The Bundesbank is expected to lift the Lombard rate to [redacted] per [redacted] the discount [redacted] 7.5 per [redacted] fortnightly meeting today.

If buyers [redacted] any further encouragement, they could turn to equity strategists. Mr Paul Walton at James Capel said clients had been waiting for a recovery in industrial output and retail sales. Data published this week suggests both are under way. "All the statistics seem [redacted] be moving in the right direction."

Mr Richard Lake, a chart analyst at [redacted] Govett, [redacted] bullish [redacted] technical grounds as well. He said [redacted] poised [redacted] jump [redacted] in the short term and 3,000 by [redacted] end [redacted] the [redacted]

Mr Jerry Evans [redacted] County NatWest agreed that the market looked strong in the medium term but cautioned that yesterday's gain could be [redacted] "[redacted] has changed and we are unlikely to [redacted] a sharp short-term rise in shares. It may [redacted] a couple of months before [redacted] convincing evidence of recovery." [redacted]

Such concerns were far from the thoughts of buyers. The [redacted] index [redacted] on a positive [redacted] and rose to close just below the day's peak at [redacted] up [redacted] closing highs were [redacted] recorded by the narrower FT-30 [redacted] and the [redacted] FT-A All-Share index.

A strong [redacted] from [redacted] mood [redacted] the market. Both equities and bonds in [redacted] York rose following better than expected [redacted] inflation data.

Indices compiled [redacted] James Capel [redacted] that [redacted] institutions paid [redacted] attention yesterday [redacted] medium-sized companies than to the Footsie constituents. While the [redacted] 100 stocks rose 0.89 per cent, the [redacted] 100 firmed 1.15 per [redacted] and the third by 1.2 per cent.

Seaq [redacted] 631.2m, unusually high [redacted] the holiday month of August. [redacted] was swollen, however, by the placing of the rump of the rights [redacted] Burton. This accounted for [redacted] of the total.

Trafalgar [redacted] confirmed that its rights issue had been [redacted] cent taken up.

There [redacted] strong contribution [redacted] the gain [redacted] the FT-SE 100 index from Glaxo. [redacted] points of the day's rise [redacted] from Glaxo's [redacted] improvement [redacted] 1338p. This was the second high in [redacted] sion [redacted] the stock, helped [redacted] again [redacted] good [redacted] surrounding partial [redacted] approval given [redacted] its migraine drug.

Long-awaited third quarter figures [redacted] disappointed [redacted] market in that they provided no clue to the company's plans for its 2.8 per [redacted] stake in ICI.

The stores sector, boosted by [redacted] retail price figures and the success of the Burton rights issue, rose strongly for the third day running.

[redacted] in [redacted] panies [redacted] ground [redacted] days of gains. An opinion poll [redacted] the opposition Labour party [redacted] increasing [redacted] lead [redacted] the Conservatives.

Account Dealing Dates		
*First Dealings:		
[redacted]	Aug 12	Sep 2
[redacted] Declarations:		
Aug 8	Aug 29	Sep 12
[redacted] Dealings:		
Aug 9	[redacted]	Sep 13
Account Day:		
Aug 19	Sep 9	Sep 23

*New-time dealings may take place from 8.30 am two business days [redacted]

Disposal talk lifts the Pru

Prudential Corporation, [redacted] UK's largest insurance [redacted] pany, [redacted] easily the most active stock in the [redacted] as [redacted] market picked [redacted] hints that [redacted] might [redacted] Mercantile & General reinsur[redacted] subsidiary. Mercantile is [redacted] fifth largest [redacted] in [redacted] world.

Dealers [redacted] responded positively [redacted] were perceived [redacted] good [redacted] year results from Jackson National Life, Prudential's US subsidiary.

Prudential shares [redacted] 7 higher at [redacted] turnover reached 5.3m, [redacted] highest [redacted] number [redacted]

[redacted] imminent [redacted] of Mercantile & General [redacted] circulating in [redacted] market from [redacted] outset, with Scor, [redacted] largest of the French reinsurance companies and [redacted] UAP, the big French-controlled life insurance group, said to [redacted] favourite to acquire Mercantile. Various prices were being [redacted] around [redacted] market, [redacted]

Mercantile [redacted] General, regarded by Prudential [redacted] noncore activity, has been up for sale for around [redacted] year, according [redacted] insurance special[redacted] it [redacted] commented [redacted] market [redacted]

The [redacted] per [redacted] the rights [redacted] placed with institutions [redacted] 37.92p and [redacted] responsible for the [redacted] turnover in the fully paid shares. The success in placing the rump was seen as [redacted] vote [redacted] confidence in the [redacted] by the institutions. [redacted] give it [redacted] breathing [redacted] after [redacted] bout of [redacted] City [redacted]

Britannic Assurance [redacted] general [redacted] the [redacted] the market responded to the group's half-year figures. The interim dividend was increased by 15 per cent to 9.2p net, above general expectations.

Legal & General, driven higher by a positive [redacted] Phillips & Drew, [redacted] 11 firmer at 446p.

A block [redacted] 2.8m shares traded at 527½p put pressure on Commercial Union, which dipped 3 to 532p. By the close 3.6m CU had changed hands.

Banks were among the market's best performers, led by Lloyds. The bank's interim results were probably the best received of the big four. Lloyds' rose 12 more to 385p. Midland, talked of by analysts as among the best recovery/takeover plays in the front-line stocks, advanced 10 to 245p [redacted] heavy turnover of [redacted]

Queens Moat Houses' interims were given a good reception by the market, which responded by lifting the shares 3 to 87p; turnover expanded rapidly to 9.5m. Mr Roy Owens of Smith New Court's leisure team pencilled in a full year profits figure of £100m, and £125m for next year, implying a price-earnings ratio reducing to 9.6 – "cheap for a quality [redacted]"

Bass bounced from recent weakness, rising 12 to 936p as turnover increased to 2.2m. [redacted] UBS Phillips [redacted] reported [redacted] a keen [redacted] Mr John [redacted] underrated. He added: "I [redacted] recovery in [redacted] profitability [redacted] will be [redacted] the [redacted] price." [redacted] predicts current [redacted] profits [redacted] £509m.

[redacted] remained under pressure [redacted] lines of [redacted] around the [redacted] the [redacted] 2 lower at 104p.

Television issues were affected by news that Thames, the largest ITV company, had been outbid for the franchise. Observers said the news had been in the market for some time but marketmakers were nervous about being caught out in a tightly traded sector. Thames lost 4 to 198p and Carlton Communications, [redacted] said to have made the hig[redacted] bid for the London week[redacted] franchise currently held by Thames, rose [redacted] to 480p.

Scottish and Central, which are [redacted] have held their franchises unopposed and cheaply, gained [redacted] 507p and 20 to [redacted] respectively.

Trafalgar House gained ground after the UK shipping, engineering [redacted] construction [redacted] confirmed yesterday that [redacted] £310m rights [redacted] had been [redacted] up. [redacted] "A" [redacted] offered at 190p in June and [redacted] of [redacted] remaining 11.2 per cent, [redacted] successfully placed by securities houses BZW and Kleinwort Benson on Tuesday at 212p. The ordinary were [redacted] and [redacted] "A" 5 up at 225p.

Johnson Matthey pushed ahead [redacted] 325p in spite [redacted] price [redacted] platinum reaching [redacted] 5½-year low yesterday. The [redacted] usually [redacted] platinum price but Panmure Gordon [redacted] a buyer [redacted] stock, [redacted] always [redacted] in a [redacted] market, and [redacted] price was squeezed up. Mr Harry Philips of Panmure said: "We feel Matthey is [redacted] very good value with plenty [redacted] growth prospects."

Williams Holdings attracted attention in the ordinary stock [redacted] County [redacted] mended [redacted] company's 8 [redacted] convertible shares, arguing that they [redacted] a [redacted] yield.

Consumer products [redacted] Pentland rose 7 to 92p on comment that its purchase of a 20 per cent holding in Adidas represented good value for the shareholders.

Abrasives and plastics group Carbo forged ahead 46 to 236p after stating that it was in talks which could lead to a bid for the company.

Chemicals and timber protection group Hickson International firmed 3 to 169p ahead of interim figures due today. A fall in profits has already been anticipated by the market, and worries that the company will announce a rights issue with the results have receded.

Northern Ireland-based textile group Lamont Holdings picked up 6 to 343p on recovery hopes.

British Airways declined 5 to 179p in reaction to recent poor traffic figures and worries about a price war breaking out on transatlantic routes.

Talk that Glynwed International, which [redacted] reveal interim results today, would not cut its dividend as feared benefited the shares by 2 to 225p on turnover of 2m.

A squeeze, and preliminary figures showing that UK car sales in the first 10 days of August [redacted] better than [redacted] helped [redacted] sec[redacted] Lex [redacted] appreciated 6 to 213p while T & N [redacted] 11 [redacted] 171p.

[redacted] moved up 6 [redacted] 156p on turnover of [redacted] following [redacted] Kleinwort Benson buy recommendation and news from Peugeot, [redacted] France, predicting [redacted] half. Lucas [redacted] suppliers to Peugeot. [redacted] Rubber [redacted] 15 at [redacted] after S.G. Warburg [redacted] buyers of the stock.

BBA advanced 11 [redacted] 155p, helped by vague talk of a bid for the company from industrial conglomerate BTR [redacted] 412p).

A [redacted] rise in Ultramar shares, up [redacted] 274p on turn[redacted] 3.4m, owed more [redacted] widespread relief [redacted] of [redacted] rights [redacted] interim results. These, according [redacted] analysts, [redacted] appointing and [redacted] concerned about the [redacted] ny's dividend prospects.

The underperformance [redacted] BP shares, easier [redacted] heavy turnover [redacted] 6.1m, prompted unease in the oil sector, where dealers are beginning to question forecasts of an upturn in crude oil prices in the [redacted] future. BP, perceived as the [redacted] highly geared [redacted] the oil majors, [redacted] expected by [redacted] market [redacted] bear [redacted] brunt [redacted] selling pressure in [redacted]

MARKET REPORTERS:
Daniel Green, [redacted] John, Joel Kibazo, Jim McCallum, Steve Thompson.

[redacted] statistics, including [redacted] FT-Actuaries [redacted] Options, Page [redacted]

RHM dividend hope

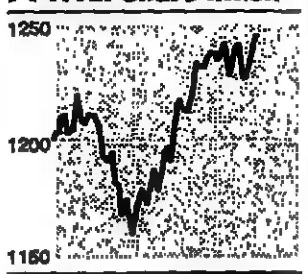
Ranks Hovis McDougall rose 5 to 281p as sources close to the company indicated that it was set to increase its final dividend by more than the market has been anticipating. At the interim stage RHM maintained its dividend. Last year it left the interim and final dividends unchanged.

Analysts have [redacted] that RHM has sufficient cover this year for a rise in the dividend to around 9.7p, against 8.92p last time. There are now indica[redacted] it may be up [redacted] further 0.5p higher [redacted] reports in October.

Burton placing

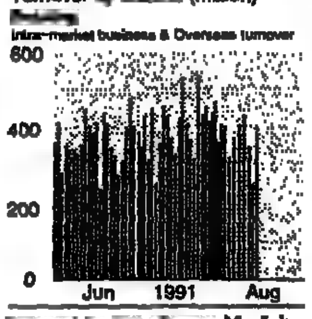
Burton, [redacted] clothing retailer, firmed [redacted] penny [redacted] 40½p [redacted] announcing an [redacted] take-up of [redacted] one-for-one rights issue. The announce[redacted] was well [redacted] in [redacted] market, [redacted] a take-up of [redacted] than half [redacted] fell almost [redacted] the [redacted] subscription [redacted]

FT-A All-Share Index



Equity Shares Traded

Turnover by [redacted] (million)
Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (120).
BRITISH FUNDS (3) Treas. 8pc 1991, Treas. 2pc I-L 1992, Treas. 2pc I-L 1994, AMERICANS (6) BankAmerica, Bankers N.Y., Conti. Bank, Manuf. Hanover, Morris (P), Sears Roebuck, CANADIANS (2) Bk. Nova Scotia, Royal Bank Canada, BANKS (6) HSBC, Midland, Sec. Pacific, BREWERS (2) Bulmer (H.P.), Greene King, CHEMICALS (4) Akzo, Halstead (J), MTM, Rentokil, STORES (12) Bedford (Wm), Blacks Leisure, Courts, Crown Eyeglass, Fine Art Devs., Hogg Robinson, Kingfisher, Do. 5½pc Ln. 2000, Martin (A), Menzies (J), Next, Sherwood, ELECTRICALS (4) Philips Elects., Ranielsaw, Telemetrix, Thorn EMI, ENGINEERING (3) Ash & Lacy, Fairey, TI, FOODS (4) Brake Bros., Cranswick Mill, Salvesen (C), Sims Food, HOTELS (1) City Centre Rest., INDUSTRIALS (23) AAH, Assoc. Brit. Ports, BSS, Baspak, Betterware Cons. Prods., Bimec, Brammer, Brit. Polythene, Carbo, Community Hospitals, Copymore, Courtaulds, De La Rue, Glaxo, Halstead Nycomed A, Do. B, IWP, Kalon, Pentland, Rexmore, Siebe, Silentnight, Williams 8p Pf., INSURANCE (6) Britannic, Domestic & Gen., Hogg, Oriel, Refuge, LEISURE (4) Airtours, Euro Disney, Owners Abroad, Do. 9.75p Pf., MOTORS (2) Central Motor Auctions, ERF, NEWSPAPERS (2) Euromoney Publishers, Headline Book Publishing, PAPERS (3) Cropper (James), Repoint, Whny. Mackay-Lewis, PROPERTY (1) Bilton (P), TEXTILES (2) Lamont, Sirdar, TOBACCOS (1) Rothmans B, TRANSPORT (2) Bergesen A, Transport Dev., TRUSTS (19) Abtrust Pref. Zero Div. Pf., British Assets, Dunedin Income Growth, Equity Consort Dfd., Fleming Claverhouse, Gen. Cons. Stpd. Pf., Leveraged Opp. Tst., M & G Group, Merchants Tst., Menks Inv., Murray Income Tst., Murray Intl., Perpetual, Scot. East. Inv., Scot. Mortgage & Tst., Scottish Inv., Sec. Alliance, Templeton Emerging Mkts. Warrants, Tribune, OILS (2) Intl. Petroleum, Kelt Energy.
NEW LOWS (22).
CANADIANS (1) ECO, BANKS (2) Reflex Invs., Union Discount, BUILDINGS (2) Crest Nichol, Needler, STORES (1) Alan Paul, ELECTRICALS (2) Enterprise Computer, Ferranti, Standard Platform, ENGINEERING (1) Robinson (T), FOODS (1) Albert Fisher, HOTELS (1) Regal Hotels, INDUSTRIALS (4) High-Point, Walker Greenbank, Whitecroft, Wilton, LEISURE (2) Thames TV, Whitegate Leisure, PROPERTY (5) Derwent Valley, Greycoat, Hemingway Props., London Securities, [redacted]hope, Trencherwood, TRANSPORT [redacted] Docks & Harbour, TRUSTS [redacted] East Warrants, Ensign B, Malaysian Emerging Warrants Co's. Fd., Singapore SESDAQ, OILS (3) Gt. Western Res. A, Premier Cons., Presidio Oil B.

FINANCIAL TIMES STOCK INDICES

	Aug 14	Aug 13	Aug 12	Aug [redacted]	[redacted] 8	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation [redacted]
[redacted] Secs	85.59	85.57	85.51	85.66	85.68	78.07	85.88 (19/2)	82.17 (2/1)	127.4 (9/1/35)	[redacted]
[redacted]	94.[redacted]	94.45	94.45	[redacted]	94.48	[redacted]	94.84 (5/4)	90.59 [redacted]	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	2033.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted] (14/8)	[redacted]	2033.3 (14/8/91)	49.4 [redacted]
[redacted]	177.2	177.4	179.3	179.3	178.2	229.1	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE [redacted] Share	[redacted]	[redacted]	[redacted]	2570.6	2600.6	2239.5	2608.8 (14/8)	2054.8 (16/1)	2608.8 (14/8/91)	[redacted]
FT-SE Eurotrack 200	[redacted]	1171.86	1164.31	[redacted]	[redacted]	-	1192.11 (5/6)	938.62 (16/1)	1192.11 (5/6/91)	938.62 (16/1/91)
[redacted] Div. Yield	[redacted]	4.68	4.72	4.73	4.68	5.38				
●Earning [redacted] %(full)	7.75	[redacted]	7.96	7.99	7.92	[redacted]				
[redacted] Ratio(Net)(☆)	16.08	15.96	15.56	15.52	15.66	[redacted]				
SEAQ Bargns 4.45pm	26,410	[redacted]	[redacted]	29,915	[redacted]	18,121				
Equity Turnover(£m)†	-	[redacted]	[redacted]	[redacted]	995.60	1436.03				
Equity Bargains†	-	[redacted]	21,722	29,930	[redacted]	18,412				
[redacted] (m)†	-	[redacted]	[redacted]	[redacted]	431.4	439.0				

[redacted] 100 Govt. Secs [redacted] Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Base 1000 FT-SE 100 31/12/83 [redacted] Eurotrack [redacted] 26/10/90. ☆ [redacted] 15.30

Ordinary [redacted] Index, Hourly changes   Day's High 2039.8   Day's [redacted]

[redacted]	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	[redacted]
2025.5	2032.1	2032.1	2033.4	2035.1	2039.1	2039.7	2034.7	2032.8

[redacted] Hourly changes   Day's High [redacted]   Day's Low [redacted]

Open	9 am	10 am	[redacted] am	[redacted] pm	1 pm	2 pm	3 pm	[redacted] pm
2589.9	2597.[redacted]	2597.8	2600.1	2603.9	2610.6	2611.5	2606.9	2606.8

FT-SE Eurotrack 200, Hourly changes   Day's High [redacted]   Day's [redacted] 1175.76

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1178.13	1177.33	1177.23	1177.95	1179.85	1180.95	[redacted]

GILT EDGED ACTIVITY

Indices*	[redacted] 13	[redacted] 12
Gilt Edge[redacted] Bargains	[redacted]	[redacted]
5 – Day average	[redacted]	[redacted]

*SE Activity 1974.
†Excluding intra-market [redacted] & [redacted]

London report and [redacted] index:
Tel. 0898 123001

TRADING VOLUME [redacted] MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change
ADT	440	530	[redacted]
ASDA [redacted]	[redacted]	89½	-¼
Abbey [redacted]	2,000	254	
Allied - Lyons	[redacted]	565	+3
Amstrad	[redacted]	52½	-¼
Anglian Water	2,000	[redacted]	+2
Argyll Group	3,300	296	
Arjo Wiggins	[redacted]	280	+5
Ass. Brit. Foods	505	529	+2
BAA	838	434	+2
BAT Inds.	[redacted]	740	+5
BET	1,600	[redacted]	+3½
BICC	868	[redacted]	-1
BOC	[redacted]	594	+5
BPB Inds.	443	188	-1
BTR	2,600	412	+1
Bank of Scotland	[redacted]	[redacted]	+1
Barclays	2,700	464	+11
Bass	2,200	936	+12
Blue Circle	770	236	+2
Booker	216	[redacted]	+1
Boots	2,100	[redacted]	+2
Brit. Aerospace	1,300	571	+11
British Airways	4,400	179	-5
British Gas	4,200	269½	+¼
BP	[redacted]	336	-1
British Steel	5,300	[redacted]	+3½
British Telecom	3,600	[redacted]	+2
Bunzl	765	100	+1
Burton	[redacted]	40½	+1
Cadbury	663	381	+3
Carlton Comms.	[redacted]	480	+13
Coats Viyella	1,000	170	+3
Comm. Union	3,600	532	-3
Dalgety	450	460	+6
De La Rue	34	[redacted]	
ECC Gr[redacted]	167	456	+4
East [redacted] Elec.	374	197	+5
Forte	2,600	279½	-1½
Gen. Accident	673	553	-2
General Elect.	7,000	197	
Glaxo	3,800	[redacted]	
Glynwed Intl.	2,000	[redacted]	+2
Guinness	712	988	+3
Hammerson 'A'	4	619	
Hanson	11,000	219	+¼
ICI	953	[redacted]	
Kingfisher	1,100	[redacted]	+12
Land Securities	729	[redacted]	+11
Legal & General	1,600	446	+11
Lloyds Abbey	584	426	+5
Lloyds Bank	1,800	385	+12
LASMO	657	328	-2
London Elect.	286	195	+2
Lonrho	1,800	244	+5
Lucas	[redacted]	155	+6
MB Caradon	2,000	238	+4
MEPC	1,000	[redacted]	+14
Marks & Spencer	[redacted]	286	+7
Midland [redacted]	3,600	245	+10
NatWest Bank	2,300	341	+3
National Power	7,700	[redacted]	+1
Next	537	[redacted]	+½
P & O	[redacted]	572	[redacted]
Prudential	5,600	259	+7
RTZ	[redacted]	597	+7
Racal	[redacted]	221	+5
Rolls Royce	3,000	130	+4
Rothmans	495	1096	+6
Royal Insurance	808	[redacted]	-2
Saatchi	2,200	[redacted]	-¼
Sainsbury	2,200	[redacted]	+1
Scot. Hydro - Elect.	1,300	113½	-¼
Sears	8,400	83	+3½
Sedgwick	565	272	+3
Seeboard	122	199	[redacted]
Severn Trent Water	3,700	337	
Shell Transport	2,000	530	+3
Smith & Nephew	838	133	+½
SmKl Beecham Uts.	170	[redacted]	+15
Smiths Inds.	[redacted]	370	
South Wales Elect.	259	[redacted]	[redacted]
South West Water	584	353	+1
Southern Water	1,100	333	
Standard Chartd.	1,200	[redacted]	-1
Sun Alliance	783	[redacted]	-8
T&N	[redacted]	171	+11
TI Group	301	575	+16
TSB	3,800	184	+4
Tesco	4,600	[redacted]	+3
Thames Water	2,000	[redacted]	+1
Trafalgar House	2,300	230	+2
Ultramar	3,500	274	+3
Unigate	906	318	+2
Utd. Newspapers	14	384	+1
Wessex Water	2,200	383	-2
Yorkshire Water	2,400	[redacted]	

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

THE INCREASE in activity on the stock market fed through into [redacted] options yesterday, which had one of the [redacted] month, writes Jim McCallum.

On a day when investors were buying individual shares or particular sectors rather than the whole market, share options featured more than index derivative products.

Heavy dealing in British Gas [redacted] options, particularly December 280 calls, lifted total [redacted] to [redacted] third more [redacted] previous day's level, at 32,734 [redacted]

The [redacted] figures from [redacted]son prompted active two-way dealing [redacted] calls, particularly the [redacted] 220 [redacted] GEC saw activity in [redacted] and puts, with [redacted] February 200 [redacted] the busiest.

Speculation about Prudential selling Mercantile & General, its reinsurance subsidiary, prompted buying of November 260 calls. There was also heavy dealing in British Steel 130 calls, while there were reports of a large seller of December 2,300 puts.

The September FT-SE 100 index futures contract was led higher by the stock market, with the premium at around 25 to 30 points for much of the session, little changed on the day. September closed at 2,634, up 26 points.

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
100¼	99¼	Exch. 11pc 1991	99⅞	–⅛	11.00	10.57
98⅞	93⅞	Exch. 9¾pc 1998	98⅛	+⅛	9.92	10.09
86⅞	80⅞	Treas. 6¾pc 1995-98	86⅛	+⅛	7.81	[redacted]
127⅞	121⅞	Treas. 15½pc '98	125¾		12.33	10.28
109⅞	104⅞	Exch. 12pc 1998	109		11.01	10.18
97⅞	92⅞	Treas. 9½pc 1999	[redacted]	+⅛	9.73	9.93
111⅞	105⅞	Exch. 12¼pc 1999	110½		11.09	10.20
102⅞	97⅞	Treas. 10½pc 1999	102	+⅛	10.29	[redacted]
101⅞	95⅞	Conversion 10¼pc 1999	100⅞	+⅛	10.18	10.10
94⅞	89⅞	Conversion 9pc 2000	94⅞	+⅛	9.50	9.94
116⅞	110⅞	Treas. 13pc 2000	115⅞	+⅛	11.25	10.28
100⅞	94⅞	Treas. 10pc 2001	99⅞	+⅛	10.03	10.02
118⅞	113⅞	Treas. 14pc '98-01	117⅞	+⅛	11.94	10.37
98⅞	92⅞	Treas. 9¾pc 2002	98⅞	+⅛	9.95	10.02
100⅞	94⅞	Treas. 10pc 2003	99⅞	+⅛	10.00	9.99

Prospective [redacted] redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for November 1990: 130.0 and for June 1991: 134.1.

BRITISH FUNDS – Contd

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
108¼	102	Treas. 11¾pc 2001-04	107⅞xd	+⅛	10.69	10.23
59⅞	53⅞	Funding 3½pc '99-04	59⅞		5.91	8.81
97⅞	90⅞	Conversion 9½pc 2004	96⅞	+⅛	9.84	9.94
[redacted]	90⅞	Conversion 9½pc 2005	96⅞	+⅛	9.83	9.93
[redacted]	111⅞	Treas. 12½pc 2003-05	117⅞	+⅛	10.68	10.02

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
103⅞	95⅞	African Dv Bk 11¼Ln 2010	102⅞	–⅛	10.80	10.74
98⅞	91⅞	Asian Dev Bk 10¼pcLn2009	97⅞	–⅛	10.47	10.50
112⅞	105⅞	Int-Am Dev Bk 12½pc 2003	112	–⅛	11.16	10.64
93	86⅞	Do. 9¼pcLn 2015	92⅞	–⅛	10.52	10.59
123⅞	101	Intl. Madison Stms 16½pc 2008	123⅞	–⅛	13.40	13.18

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public [redacted] and Ind.

FOREIGN BONDS & RAILS

1991 High	1991 Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
50	50	Greek 7pc Ass.	50		3.50	17.00
50	50	Do. 6pc 28 Stb. Ass.	50		3	16.00
50	50	Do 4pc Mixed Ass.	50		2	14.00
55	55	Hung. '24 Ass.	55		2.75	13.57
128⅞	120⅞	Hydro Quebec 15pc 2011	128½	–⅛	12.89	11.38

Continued on next page

APPOINTMENTS

European posts at Ernst & Young

■ ERNST [redacted] YOUNG has made the following appointments.

At Ernst & Young TKD, a Polish joint venture, Mr Derek Chrusciak becomes managing partner, and Mr Jerzy Cieslik is made partner in charge of the consultancy practice; Mr Jan Lindenaar, from the firm's Dutch practice, will be seconded [redacted] September 1 to develop the audit practice.

At joint venture Ernst & Young CS Consulting, Prague, Mr Richard Novak becomes managing partner of the new firm, and Mr Sean Kelleher, a partner from the Dublin office, will transfer from November 1 to develop the Czechoslovakian audit practice.

Mr Lawrence Danzig, a New York valuation specialist, has been appointed director of valuation to Ernst & Young Hungary, based in Budapest. Mr Rene Bijvoet, a Dutch tax partner who speaks Hungarian, has been seconded to Budapest and heads the tax and international business services practice in Hungary.

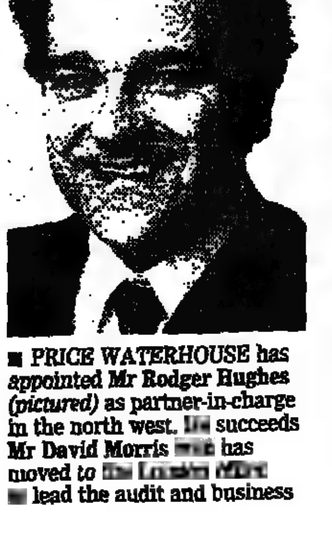
Mr Lorenz McDougall has been appointed a partner in Ernst & Young Vneshaudit, [redacted] following [redacted] full time secondment from the [redacted]

■ TRENCHERWOOD, a property developer, has promoted Mr Richard Brooke from finance director of Trencherwood Homes to group finance director. Mr Peter Ascroft, finance director of Trencherwood Commercial, has been appointed group commercial director.

■ CONTINENTAL BANK has appointed Mr Bruce B. Proctor (pictured) as managing director and business manager of its London branch, a new post. [redacted] London from the bank's headquarters in Chicago, where he managed the international counterparty risk division. Mr Proctor will [redacted] with [redacted] the principal [redacted] government and regulatory [redacted] in [redacted] UK. Mr William M. Goodyear, executive [redacted] president and head [redacted] Continental's global distribution businesses, returns to Chicago from London. [redacted] will assume responsibility [redacted] private [redacted] banking in metropolitan Chicago.

■ CRICKET, [redacted] London-based communications [redacted] appointed Mr David Copeman as sales director.

■ TLS RANGE, [redacted] appointed Mr Mike Jepson as general manager, operations. He was managing director of York Transport Engineering, and sales, marketing and service director of Angloco. Mr Philip Sims becomes general manager, sales and marketing. He [redacted] marketing [redacted] Wincanton Contracts, a subsidiary [redacted] Unigate.



■ PRICE WATERHOUSE has appointed Mr Rodger Hughes (pictured) as partner-in-charge in the north west. [redacted] succeeds Mr David Morris [redacted] has moved to [redacted] lead the audit and business advisory services operation nationally.

■ Mr Gavin Kirkpatrick has been appointed chief executive of THE BRITISH COMPUTER SOCIETY. He has been working with the Society as programme director Europe, on secondment from ICL. He [redacted] Mr Jim [redacted] who [redacted] consultancy role.

Nine join board of BTR International

■ [redacted] appointed nine senior executives from [redacted] group's principal operating [redacted] the board [redacted] BTR International, one [redacted] principal operating holding companies. They are: Mr Patrick Austen, [redacted] chief executive, [redacted] & [redacted] Group; Mr Bob Beeston, [redacted] director, BTR Valve Group; Mr Paul [redacted] chief executive, BTR [redacted] & Engineering Group; Mr Brian Crowther, group [redacted] executive, BTR Industrial [redacted] Consumer Group; Dr Huw Davies, [redacted] executive, BTR Nylex Polymer, Glass/Textiles & Commercial [redacted] Groups; Mr James Fulton, president, [redacted] Group; Mr Roberto Quarta, group chief executive, BTR Sealing Systems Group; Mr Peter Robinson, chief executive, BTR Nylex Packaging & Building Products Group; and Mr John Thompson, group [redacted] executive, BTR Paper Group.

PUBLIC WORKS LOAN BOARD RATES

Effective August 14

Years	Quota loans* [redacted]	[redacted]	[redacted]
1			10¾
Over 1 up to 2	10¾	10¾	10⅝
Over 2 up to 3	10⅝	10⅝	10⅝
Over 3 up to 4	10⅝	10⅝	10¾
Over 4 up to 5	10⅝	10⅝	10¾
Over 5 up to 6	10⅝	10¾	10⅞
Over 6 up to 7	10¾	10¾	10⅞
Over 7 up to 8	10¾	10¾	11
Over 8 up to 9	10¾	10⅞	11
Over 9 up to 10	10⅞	10⅞	11⅛
Over 10 up to 15	11	11⅛	11
Over 15 up to 25	11⅛	11	11
Over 25	11	11	11

*Non-quota loans A are 1 per cent higher and non-quota loans B 2 per cent higher in each case than quota loans. †Equal instalments of principal. ‡† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

LONDON SHARE SERVICE

AMERICANS

1991 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
33¼	20⅞	Abbott Laboratories‡	31⅛	+⅛	$1.00	–	1.8
365p	257p	♦Allegheny & W 1c	280p	....	30c	–	6.3
10⅛	667p	Amdahl 5c	837pxd	–10	10c	–	0.7
42⅛	25⅛	Amer. Cyanamid $5	37½	–¼	$1.50	–	2.4
17⅞	9⅛	Amer. Express 60c	15⅛xd	+⅛	92c	–	3.4
24½	15¼	American T. & T. $1	23xd	–⅛	$1.32	–	3.4
38⅞	32½	Ameritech $1	36⅞	+⅛	$3.40	–	5.5
25¼	12⅛	BankAmerica $1⅛	25⅛xd	+3⅛	$1.20	–	[illegible]
35⅝	20⅛	Bankers N.Y. $1	35⅝xd	+1¼	$1.52	–	[illegible]
30½	24¼	Bell Atlantic $1	28¼xd	....	$2.52	–	[illegible]
31¼	25	BellSouth Corp	28	–⅛	$2.76	–	[illegible]
11¼	6⅛	♦Bethlehem Steel $8	10¼xd	+⅛	40c	–	2.3
1839p	1046p	Bowater Inc.	1512p	+16	$1.20	–	4.7
9⅛	4½	Brunswick 75c	8½xd	+⅛	44c	–	3.1
54	37⅛	CPC Intnl. 25c	52¼xd	+⅛	$2.00	–	2.3
852p	420p	California Engy	799p	....	–	–	–
50	28¼	Campbell Soup 15c	47⅛xd	+⅛	$1.16	–	1.4
12⅝	5⅛	Chase Manhattan $12½	12⅛xd	+1⅛	$1.20	–	5.7
9⅛	5½	Chrysler $6¼	6⅛	–¼	60c	–	5.2
10⅛	5⅞	Citicorp $1	8⅛	+⅛	$1.00	–	6.7
25	21⅛	Colgate-Palmolive $1	23⅛xd	+¼	$1.06	–	2.6
919p	438p	Cont'l Bank Corp $4	919p	+79	$1.00	–	[illegible]
21⅝	13⅛	Dana Corp. $1	18⅛xd	+⅛	$1.60	–	[illegible]
1106p	203p	Data General	1067p	+21	–	–	–
22⅛	12⅞	Dial Crop. $1.5	21¼xd	–⅛	$1.40	–	3.9
29⅝	20¼	Dun & Bradstreet $1	27	+½	$2.16	–	4.7
40	24¼	Eaton Corpn. 50c	37½	+⅛	$2.20	–	–
8½	5½	Echlin Inc.	7⅛xd	....	70c	–	5.2
19⅛	14⅞	FPL Group 1c	19⅝xd	–⅛	$2.40	–	7.3
30⅛	17⅞	Fluor Corp 62½pc	25⅝xd	+½	32c	–	0.7
23⅛	13⅛	Ford Motor $1	18⅛	+½	$1.60	–	3.2
46⅛	28⅛	Gen. Elect. 63c	43⅛xd	....	$2.04	–	2.8
566p	270p	♦General Host Corp $1	471p	....	34c	–	4.3
45¼	20⅞	Gillette $1	24⅛xd	+1⅛	62c	–	1.5
18[illegible]	794p	Hasbro Inc 50c	16¼	+¼	24c	–	0.9
38½	21¼	Honeywell $1½	34⅛xd	+⅛	$1.50	–	2.6
23	17⅞	Houston Inds ‡	22⅝	+⅛	$2.96	–	7.7
72⅛	55⅛	IBM Corpn $1¼	58⅝xd	+⅛	$4.84	–	[illegible]
32½	18⅛	Ingersoll-Rand $2	29⅛xd	+¼	$1.32	–	[illegible]
28⅛	16⅛	Lockheed Crpn. $1	26⅛xd	+⅛	$2.00	–	4.4
2155p	1245p	Lowe's 50c	1845p	+10	56c	–	1.8
18⅞	9½	Manuf. Hanover $1	18⅞xd	+⅛	♦$3.28	–	10.3
26⅞	10⅛	Merrill Lynch $1	24¼xd	+½	$1.00	–	2.4
33⅞	21⅛	Morgan (JP) $2½	31⅞xd	+⅛	$1.98	–	3.7
42⅛	25⅛	Morris (Philip)	42⅛xd	+⅛	$1.72	–	2.4
46¼	39	NYNEX $1	44	+½	$4.56	–	6.1
89p	30p	♦Pac. Agricultural	39p	....	–	–	–
23⅛	11⅞	Pall Corp. 25c	21⅞	+⅛	h44c	–	1.2
46⅛	33¼	Pennzoil 83 1/3c	43⅛xd	+½	$3.00	–	4.1
40½	24⅞	Quaker Oats $5	36⅞xd	+⅛	$1.56	–	2.5
40¼	24⅛	Rep NY Corpn $5	38¼xd	+⅛	$1.40	–	2.2
17⅞	12⅛	Rockwell Intl. $1	15⅛xd	+⅛	86c	–	3.4
25⅝	12⅛	Sears, Roebuck 75c	25⅝xd	+1⅛	$2.00	–	4.6
34⅛	25⅞	Southwestern Bell $1	32xd	–½	$2.84	–	5.2
20¼	14⅛	Sun Co Inc. $1	17⅛xd	+⅛	$1.80	–	6.0
27¼	21⅛	Tenneco $5	24⅛xd	+⅛	$3.20	–	7.3
40½	29⅛	Texaco $6.25	37⅛xd	–⅛	$3.20	–	5.1
26¼	17¼	Texas Instr. $1	18⅛xd	+⅛	72c	–	2.3
*64½	37⅞	Time Warner $1	51½	+⅛	$1.00	–	1.1
16⅞	8⅞	TRINOVA Corp	14¼xd	....	68c	–	2.7
510p	250p	♦Unilab	510p	....	–	–	–
29¼	22⅞	Utd. Technologies	27⅛	+⅛	$1.80	–	[illegible]
92p	42p	♦Utilitech Inc	81p	....	–	–	–
23	18¼	US West‡	21⅛	–⅛	$2.08	–	5.7
162p	87½p	Varity Corp‡	149pxd	+1	$1.30	–	–
24⅛	16⅝	Waste Management $1	22⅛	+⅛	44c	–	1.2
2191p	1053p	Whirlpool $1	2127p	–17	$1.10	–	3.1
20⅛	13½	♦Woolworth $3½	17	+⅛	$1.08	–	3.8

LONDON SHARE SERVICE

[illegible] Prices [illegible] on FT Cityline. Calls charged at 34p/minute cheap [illegible] and 45p/minute at all [illegible] times. To [illegible] your free [illegible] Booklet ring 071-925-2128

LEISURE

PROPERTY

TRANSPORT—Contd

INVESTMENT TRUSTS—Contd

WATER

1991 High	Low	Stock		Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
383	331	Anglian £1	ɑ	375	+2	[illegible]	2.3	6.2	(8.2)
170	135	East Surrey 10p		170		8.0	[illegible]	6.3	(6.4)
178	155	Mid Kent Hldgs £1		171	......	8.0	2.8	6.2	6.5
387	322	North West £1	ɑ	372	-2	18.0	[illegible]	6.5	(6.9)
406	327	Northumbrian £1	ɑ	375	-2	18.6	[illegible]	6.6	5.7
370	300	Severn Trent £1	ɑ	337		[illegible]	8.0	6.9	5.3
397	293	Southern £1	ɑ	333		17.7	2.5	7.1	(6.2)
392	308	South West £1	ɑ	353	+1	20.0	¢2.7	7.6	(5.4)
394	323	Thames £1	ɑ	374	+1	17.5	2.2	6.4	[illegible]
422	341	Welsh £1	ɑ	368	......	19.5	3.4	7.1	4.5
456	325	Wessex £1	ɑ	393	-2	17.7	¢2.5	6.0	(7.5)
401	335	Yorkshire £1	ɑ	385	......	17.7	2.5	6.1	(7.4)

OIL AND GAS

MINES—Contd

Tins

Miscellaneous

NOTES

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUSTS

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

REGIONAL & IRISH STOCKS

The following is a [illegible] Regional and Irish [illegible] in Irish currency.

Craig & Rose £1	648	......		Halton Hldgs	38	......
Finlay Pkg. 5p	20	......		IRG	130	......
Holt (Jos) 25p	1970	......		United Drug	171	......

IRISH

Cap. 8½% Ln. 2010	£93⅞	+⅛
9pc Cap Ln 1996	£98⅛	......
Fin. 13% 97/02	£114	..
Arnotts	171	......

TRADITIONAL OPTIONS

3-month call [illegible]

Industrials

Allied-Lyons	46
Amstrad	7
Astec (BSR)	[illegible]
BAT	60
BOC Grp	31
BTR	33
Barclays	38
Blue Circle	24
Boots	30
Bowaters	53
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	20
Gen Accident	48
GEC	17
Glaxo	80
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd	39
ICI	80
Ladbroke	22
Legal & Gen	36
Lex Service	[illegible]
Lloyds Bank	[illegible]
Lucas Inds	13
Marks & Spencer	21
Midland Bk	18
Nat West Bk	27
P & O Dfd	51
Racal Elect	18
RHM	28
Rank Org Ord	63
Ratners	17
Reed (Intl)	36
Sears	[illegible]
SmKl Beecham A	[illegible]
TI	45
TSB	12
Tesco	[illegible]
Thorn EMI	[illegible]
Trust Houses	23
T&N	15
Unilever	[illegible]
Vickers	[illegible]
Wellcome	[illegible]

Property

Brit Land	[illegible]
Control Secs	3
Land Securities	45
MEPC	48
Mountleigh	8½

Oils

Aviva Petlm	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm	10
Gaelic Res	1
Premier	6
Shell	41
Tuskar Res	2
Ultramar	30

Mines

Lonrho	21
RTZ	48

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

Bishopsgate Progressive Mgmt Co (1200)F
15 St James' Place, London SW1A 1NW 071-493 8111

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Progressive Inc	5	18.70	18.70	19.74		0.93
Progressive Acc	5	28.18	28.18	29.74		0.93

Commercial Union Tst Mgrs - Contd.

Confederation Funds Mngt Ltd (1200)F

GA Unit Trust Mngrs Ltd (1000)H
PO Box 237, York YO1 1LA

CT Unit Managers Ltd (1200)H

Marks & Spencer Unit Trust Ltd (1200)F
PO Box 410, Chester X, CH99 9DG 0244 680066

Marlborough Fund Managers Ltd (1630)F
57 Victoria Square, Bolton, BL1 1LA 0204 364842

Martin Currie Unit Trusts Ltd (0905)H
48 Melville St, Edinburgh EH3 7HF

Murray Johnstone UT Mgmt (1000)H
7 West Nile St, Glasgow G2 2PX 0345 090 933

NFU Mutual Unit Mngrs Ltd
Adelaide 5 Rayleigh Road, Hutton

Rothschild Fund Management - Contd.

MIM Britannia Unit Tst Mgrs Ltd
11 Devonshire Square, London EC2M 4YR

MGM Unit Managers Ltd (1000)H
MGM House, Heene Rd, Worthing
Dealing 0277 261010

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income F	5	265.2	268.6	[illegible]	[illegible]	5.98
(Accum Units) F	5	417.1	422.6	[illegible]	[illegible]	5.98
UK Growth F	5	311.2	315.5	[illegible]	[illegible]	4.19
(Accum Units) F	5	368.3	373.4	[illegible]	[illegible]	4.19
Int. Equity Gth F	5	52.25	52.44	55.78	+0.79	1.27
Intl Bond F	5	51.82	51.81	54.43	+0.23	7.06
Special Sits F	5	17.11	18.09	19.24	[illegible]	2.48
North American F	5	70.65	70.90	75.42	[illegible]	1.18
European Growth F	5	49.86	50.10	53.29	-0.14	1.32

MW Investment [illegible] Ltd (0659)F
46 Court St, [illegible]

Mallow Unit Trust Managers Ltd
15 St Botolph St, London EC3A 7EE
Mallow General ... 0 | 117.4 | 117.4 | 120.5

Manulife Management Ltd (1200)H
St George's Way, Stevenage

Geoffrey Morley Unit Mgrs Ltd (1200)F
3 Bedford Park, Croydon CR0 2AQ 081-686 9818
Exempt Unit Tst ... 4 | 117.79 | 117.79 | 123.34 | +1.07 | 2.60
Exempt Smllr Cos ... 3½ | 222.71 | 222.71 | 241.71 | +1.47 | 1.40

* Compound Annual Rate

Guide to pricing of Authorised Unit Trusts

INITIAL CHARGE: Charge made on sale of units.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation.

FORWARD PRICING: The letter F denotes that that managers deal at the price to be set on the next valuation.

SCHEME PARTICULARS AND REPORTS

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

Stewart Ivory Unit Tst Mgrs Ltd (1200)H

Sterling Unit Trust Mgrs Ltd (1200)F

Sun Alliance Unit Tst Mngmt Ltd (1200)F

Sun Life of Canada Unit Mgrs Ltd (1000)H

Sun Life Trust Mngmt Ltd (1200)H

Swiss Life Unit Tst Man Co Ltd (1200)F

TSB Unit Trusts (1200)H

Target Trust Mngrs Ltd (1200)F

Templeton Unit Trust Managers Ltd

Thornton Unit Managers Ltd (1000)F

Three Counties Asset Mngmt Ltd (1430)F

Timberlake Trust Mngrs Ltd (0900)F

Touche Remnant Unit Tst Mngt Ltd (1600)F

Trades Union Unit Tst Mngrs Ltd (1200)H

United Charities Unit Trusts (1000)H

Wardley Unit Tst Mngrs Ltd (1300)F

Waverley Unit Tst Mngmt Ltd (1000)F

Wessex Asset Management (1600)F

Whittingdale Unit Tst Mgmt Ltd (0830)F

Woolwich Unit Trust Managers Ltd (1700)H

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

James Capel Fund Managers

Cent. Bd. of Fin. of Church of England

Charities/Charishare (1000)F

CAFINVEST-Charities Aid Foundation

COIF-Charities Official Inv Fd

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Robert Fleming Asset Mngmt Ltd

Funds in Court

Henderson Unit Trust Management Ltd

INVESCO MIM Management Ltd

Lazard Brothers & Co. Ltd

Lazard Investors Ltd

Local Authorities Mutual Invest. Tst.

M & G Securities Ltd

Morgan Grenfell Unit Trust Managers Ltd

Murray Johnstone UT Mngmt

Phillips & Drew Fund Management Ltd

Rothschild Asset Management

J. Rothschild Fund Mngmt Ltd

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

Touche Remnant Unit Tst Mngt Ltd

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Acuma Life Assurance Co Ltd

AEGON Life Assurance Co (UK) Ltd

AEtna Life Insurance Co Ltd

Albany Life Assurance Co Ltd

Albany Life Assurance Co Ltd—Contd.

Allied Dunbar Assurance Plc

American Life Insurance Co Ltd

Avon Insurance Plc

Barclays Life Assur. Co Ltd

Black Horse Life Assurance

Britannia Life Ltd

CCL Assurance Ltd

Canada Life Group

Cannon Assurance Ltd

Century Life Plc

Citibank Life

City of Westminster Assurance

Clerical Medical/Fidelity Investments

Clerical Medical Investment Group

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Combined Life Assurance Co Ltd

Commercial Union Group

Consolidated Life Assurance Co Ltd

Cornhill Insurance PLC

Crown Financial Management Ltd

Crusader Insurance PLC

Eagle Star Insur./Midland Assur.

Economic Insurance Company Ltd

Equitable Life Assurance Society

Excelsior Assurance Company Ltd

Family Assurance Society

Friends Provident

GT Unit Managers Ltd

General Accident

General Portfolio Life Insur Plc

Assicurazioni GENERALI SpA

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Group

Henderson Administration

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co Ltd

Interlife Assurance Co Ltd

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General (Unit Assur) Ltd

Legal & General (Unit Pensions) Ltd

Liberty Life Assurance Co Ltd

Life Association of Scotland

Lifetime Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

M & G Life and M & G Pensions

Manchester Unity Assurance

Manulife Group (The)

Manulife Group—Contd.

Merchant Investors Assurance Co Ltd

Mercury Life Assurance Co Ltd

Midland Life Limited

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

NM Life Assurance Ltd

Continued on next page

FT MANAGED FUNDS SERVICE

● Current [illegible] Trust prices [illegible] available on FT Cityline. Calls charged at 45p per mi[illegible] peak and 34p [illegible] peak, [illegible] VAT. To obtain your [illegible] Unit Trust Code Booklet ring (071) 925-2128.

N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2349

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	108.3	114.0	+0.7	–
Pension Managed Fd	106.9	112.5	+0.7	–
Life Deposit Fd	108.7	114.4	–	–
Pension Deposit Fd	114.4	120.5	+0.1	–

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 [illegible] 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	111.7	117.6	+0.5	–
Managed Growth	138.4	145.7	+0.5	–
Managed Opportunity	138.8	146.2	+0.3	–
NFMC Target Financial	106.0	111.6	+0.5	–
Pension Funds				
Managed Cautionary	122.3	128.8	+0.6	–
Managed Growth	146.4	154.2	+0.5	–
Managed Opportunity	139.0	146.4	+0.3	–
NFMC Target Mngd Pen.	1556.6	1638.6	+12.5	–

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422482

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	164.0	172.7	-0.3	–
UK Equity	174.4	183.6	+1.6	–
Overseas Equity	131.7	138.7	-5.2	–
Fixed Interest	149.1	157.0	+0.3	–
Property	131.8	138.8	-0.1	–
Index Linked	147.4	155.2	+0.1	–
Deposit	159.7	168.2	+0.4	–
With Profits (B)	130.8	137.8	+0.3	–

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	358.3	377.2	+2.5	–
UK Equity	452.6	476.5	+4.1	–
Overseas Eq.	353.6	372.3	+2.0	–
Americas	292.6	308.0	+2.8	–
Far East	371.4	391.0	+2.9	–
Property	192.1	202.3	+0.1	–
Fixed Int.	263.8	277.7	+0.7	–
Indexed Gilt	155.7	163.9	–	–
Deposit	184.4	193.9	+0.1	–
Pension Fund (Accum Units)				
Managed	512.4	539.4	+4.3	–
UK Equity	610.3	642.5	+6.2	–
Overseas Eq.	583.4	614.2	+5.4	–
Americas	376.2	396.1	+3.1	–
Far East	606.0	637.9	+8.7	–
Property	243.4	256.3	+0.2	–
Fixed Int.	326.3	343.5	+0.7	–
Indexed Gilt	170.6	179.6	–	–
Deposit	259.3	273.0	+0.1	–
NPI Pensions Management Ltd				
Managed Fund	1119.1	1139.1	–	–

Prices August 1 Next dealing September 1

Norwich Union [illegible] Management Ltd
PO Box 140, Norwich NR3 1PP 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	73.2	77.1	+0.7	–
Stock Market Mngd Fund	72.3	76.1	+1.0	–
Equity Fund	81.0	85.3	+0.9	–
International Fund	64.5	67.9	+0.7	–
European Fund	65.3	68.7	+0.3	–
North American Fund	74.8	78.8	+0.7	–
Pacific Fund	69.3	72.9	+0.7	–
Property Fund	79.5	83.7	–	–
Fixed Interest Fund	59.7	62.9	+0.2	–
Index linked Sec Fund	61.6	64.8	–	–
Deposit Fund	70.6	74.4	–	–

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	152.0	160.5	+0.5	–
Accum Equity	219.0	231.0	+1.5	–
Accum Managed	227.5	240.0	+1.5	–
Accum Five Star	170.0	179.0	–	–
Accum World	125.5	132.5	+0.5	–
Accum Lifetime	111.1	111.1	+0.6	–
Pens Acc Equity	236.0	249.0	+2.0	–
Pens Acc Managed	283.0	298.5	+2.5	–
Pens Acc Intl.	211.0	223.0	+2.0	–
Pens Acc Deposit	202.5	213.5	–	–
Pens Acc Five Star	185.0	195.5	+0.5	–

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc.	229.9	242.6	+1.3	–
UK Fixed Int Acc.	179.8	189.7	+0.5	–
Intl Equities Acc.	177.6	187.4	+0.6	–
UK Managed Acc.	176.1	185.7	+0.7	–
Property Acc.	224.8	237.2	–	–
Money Acc.	130.7	137.9	–	–
Special Market Acc.	144.5	152.5	+1.9	–
Japan Equity Acc.	100.8	106.4	+1.5	–
North American Acc.	108.4	114.4	+0.4	–
Pacific Acc.	95.8	101.1	+0.7	–
Technology Acc.	124.7	131.6	+0.9	–
Nat Resources Acc.	58.0	61.2	-0.2	–
European Acc.	101.8	107.4	–	–
Residential Prop Acc.	96.3	101.6	–	–
Swiss Equities Acc.	34.8	36.8	-0.1	–
Hong Kong Acc.	69.8	73.7	+0.5	–
UK High Inc Eq Acc.	74.4	78.5	+0.5	–
Int Fixed Interest Acc.	58.4	61.7	+0.1	–
Int Managed Acc.	57.0	60.1	+0.2	–
HIP Managed Acc.	118.1	124.5	-0.2	–
HIP Managed II Acc.	101.7	107.2	+0.7	–
HIP Managed III Acc.	108.7	114.6	+0.7	–
Total Investment Bond				
UK Equity Initial		156.4	+0.9	–
UK Fixed Int Initial		122.4	+0.3	–
Intl Equities Initial		120.1	+0.4	–
UK Managed Initial		119.9	+0.4	–
Property Initial		154.2	-0.1	–
Money Initial		89.4	–	–
Special Market Initial		112.2	+1.3	–
Japan Equity Initial		78.3	+2.1	–
North American Initial		84.1	+0.3	–
Pacific Initial		74.4	+0.5	–
Technology Initial		96.7	+0.5	–
Nat Resources Initial		45.1	-0.1	–
European Initial		91.3	–	–
Residential Prop Init.		92.0	–	–
Swiss Equities Initial		33.3	-0.1	–
Hong Kong Initial		66.7	+0.5	–
UK High Inc Eq Init.		71.1	+0.5	–
Int Fixed Interest Init.		56.5	–	–
Int Managed Init.		55.3	+0.2	–
HIP Managed Init.		114.8	-0.2	–
HIP Managed II Initial		100.2	+0.8	–
HIP Managed III Init.		108.3	+0.6	–
Broker Funds				
High Performance	73.2	77.2	-0.1	–
Towerhill Mngd Fd Acc.	57.3	60.4	+0.4	–
YRA Executive Fd.	95.8	101.0	+0.5	–
E Global Growth Acc.	130.3	137.4	+0.4	–
E High Income Money Acc.	141.6	149.3	–	–
IM Balanced		55.3	+0.1	–
H.F. Speculator Fd		125.8	-1.9	–
PEP Acorn II		114.2	+0.1	–
PEP Cautionary		100.0	–	–
AAFS Int Man Fund		127.3	+0.4	–
Andrews-Green Inv Port.		85.1	–	–

FINANCIAL TIMES THURSDAY AUGUST 15

OFFSHORE AND OVERSEAS

OFFSHORE INSURANCES

MANAGEMENT SERVICES

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

هكذا من الأصل

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

	Bid Price	Offer Price	+ or -	Yield Gross
U.S. Treasury Securities Fund Ltd				
Short Term Shares	$764.76			
Fixed Income Shares	$998.25			
Yamaichi Capital Mangmt (Guernsey) Ltd				
Japan Mega Growth	$10.60		+0.04	
Yamaichi 255 Fund	$7.45		+0.08	
Yamaichi CB Plus Fund	$8.02		+0.05	
Thai Inv Fund	$9.48			
Yamaichi OTC Equity Gt	$9.08		+0.12	

IRELAND (SIB RECOGNISED)

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
GAM Fund Management Ltd (z)						
GAM Universal US Bd Inc		$-	110.35			
GAM Universal US Bd Acc		$-	108.14			
GAM Universal DM Acc		DM-	120.24			
GAM Universal DM Inc		DM-	117.51			
MI Global Asset Mngmt Co. Ltd "MI Trusts"						
MI Global Dollar		$-	1.00	1.07		

IRELAND (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Bank of Ireland Unit Managers Ltd				
Global Scan	$9.09	9.36		
EquityAmerica	$11.82	12.54		
EquityEurope	$9.20	9.76		
BondAmerica	$10.57	11.22		
BondEurope	$9.28	9.85		
World Inv Trust	$10.80	11.46		
Opportunity Europe	$10.94	11.61		
Bond Plus	$10.14	10.76		
Baring International Fd Mngrs (Ireland) Ltd				
Australia	$15.89	16.89	-0.06	1.05
Japan Tech	$61.23	64.30	+0.59	
Japan Fund	$25.36	26.63	+0.30	0.17
Japan New Ents Fd	$19.56	20.54	+0.15	
Malay Sing	$54.05	56.76	+0.48	0.51
Octagon Fund	$21.66	22.75	+0.12	0.86
Pacific Fd	$60.51	63.54	+0.24	
International Bond	$16.43	17.26	+0.08	6.94
Europe Fund	$12.97	13.62	+0.05	
Tristar Warrant	$10.84	11.39	+0.09	
Hong Kong	$49.68	52.17	+0.99	3.89
Federated International Funds Plc				
Institutional Series	$1.00			5.78
Investment Series	$1.00			5.78
Hamla Pacific International Mngmt Ltd				
World Bond	101.3			9.0

ISLE OF MAN (SIB RECOGNISED)

Allied Dunbar Intl Fund Mgrs (1600)F

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

Barclays Intl Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Sterling	£20.85		+0.01	10.0
US Dollar	$31.11		+0.01	4.6
Deutschemark	DM54.27		+0.04	7.7

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm despite rate hint

THE DOLLAR [illegible] slightly firmer [illegible] the European close yesterday, despite an apparent *hint from the Bundesbank* of higher German interest rates. Foreign exchange dealers took the [illegible] rise in [illegible] has already been allowed for in [illegible] value of the US currency against the D-Mark.

Publication of US [illegible] price [illegible] did little [illegible] encourage [illegible] *speculation that the Federal Reserve will* [illegible] its monetary [illegible] in the [illegible] future, but [illegible] the other [illegible] the figures indicated that inflation [illegible] under control. July [illegible] prices rose [illegible] per cent, in line with expectations, to bring the year-on-year inflation rate [illegible] to 4.4 from 4.7 per cent. *Since* [illegible] *beginning of* [illegible] *year* the [illegible] price [illegible] has risen at an annual [illegible] 2.7 per cent, compared with [illegible] of 6.1 per cent for the whole of 1990.

Core inflation, excluding [illegible] and energy, [illegible] 0.4 per [illegible] in July. This [illegible] the headline rate, but [illegible] unchanged *from the previous* month, and [illegible] that the annualised underlying [illegible] steady at 4.8 per cent. Economists pointed out [illegible] inflation [illegible] been in [illegible] 4.0 [illegible] per [illegible] for [illegible] to be stable.

Data showing that real [illegible] weekly earnings for [illegible] workers fell by 1.4 per cent in *July, from the previous month,* while June business inventories fell [illegible] per cent, after a *revised* [illegible] *per cent drop* [illegible] May, had no impact [illegible] the dollar.

It touched a peak of DM1.7420, but failed [illegible] stabilise above [illegible] DM1.7400 level, falling back [illegible] the London close, although [illegible] finishing firmer [illegible] the day.

The dollar [illegible] DM1.7350 [illegible] from Y136.50; to SFr1.5195 from SFr1.5145; and [illegible] from FFr5.8925. On Bank of England figures its index climbed [illegible] 66.4 from [illegible].

The market [illegible] waiting *for* [illegible] *result of today's* [illegible]ing of the German Bundesbank council, the [illegible] after the [illegible]mer [illegible] amid expectations [illegible] the [illegible] Lombard [illegible] are likely [illegible] rise. Action by the central bank [illegible] its domestic money market indicated that an increase in both [illegible] *likely,* [illegible] the D-Mark [illegible] suffer if the Lombard rate is not increased. Recent comments from German officials, including Mr Helmut Schlesinger, Bundesbank president, appear to [illegible] an [illegible] in the discount [illegible] a virtual formality.

Sterling was generally weaker, but [illegible] *its position* above the French franc and Danish krone in the E[illegible] exchange rate mechanism. The fear of higher German rates and the possibility of similar action by other members [illegible] the ERM weighed on [illegible] pound.

It [illegible] points [illegible] $1[illegible] falling [illegible] from [illegible] *FFr9.9550 from* [illegible] and [illegible] Y230.50 from Y231.00, but [illegible] unchanged [illegible]. Sterling's exchange [illegible] index finished unchanged [illegible].

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	[illegible] Amounts Against Ecu Aug 14	% Change from Central Rate	% Spread vs Weakest Currency	Divergence [illegible]
Spanish Peseta	133.631	128.386	-3.92	5.38	[illegible]
Belgian Franc	42.4032	42.2447	-0.37	1.63	[illegible]
D-Mark	2.05586	2.05076	-0.25	1.50	23
Dutch Guilder	2.31643	2.31246	-0.17	1.42	14
Italian Lira	1538.24	1536.30	-0.13	1.37	12
Irish Punt	0.767417	0.767391	0.00	1.25	5
Sterling	0.696904	0.699002	0.30	0.94	-7
French Franc	6.89509	6.97535	1.16	0.08	-98
Danish Krone	7.84195	7.93967	1.25	0.00	-52

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Aug 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6830 - 1.6920	1.6870 - [illegible]	0.75-0.73cpm	5.26	2.20-2.17pm	[illegible]
Canada	1.9305 - [illegible]	[illegible]	0.39-0.31cpm	2.17	1.12-0.99pm	[illegible]
[illegible]	3.2950 - 3.3090	3.2950 - 3.[illegible]	½-¼cpm	1.59	1½-⅞pm	1.21
Belgium	60.20 - 60.55	60.25 - [illegible]	13-9cpm	2.19	29-22pm	1.69
Denmark	11.3265 - 11.3635	11.3350 - [illegible]	1⅞-1⅛orepm	1.59	4½-5½pm	1.34
[illegible]	1.0950 - 1.1000	1.0960 - 1.0970	0.09-0.04cpm	0.71	0.23-0.13pm	0.66
Germany	2.9250 - [illegible]	[illegible]	½-¼pfpm	1.54	1½-1pm	[illegible]
Portugal	250.75 - [illegible]	250.95 - [illegible]	21-125cdis	[illegible]	169-323dis	-3.91
Spain	182.95 - 184.00	183.15 - [illegible]	23-35cdis	-1.9	70-87dis	-1.71
Italy	2191.65 - 2200.75	2193.25 - [illegible] 25	par-2liredis	-0.55	3-5dis	-0.73

£ IN NEW YORK

STERLING INDEX

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

	£	$
Korea(Sth)	1232.55 - 1252.40	731.00 - 736.80
Kuwait	0.49200 - 0.49550	0.29150 - 0.29350
Luxembourg	60.25 - 60.35	35.70 - 35.80
Malaysia	4.6845 - 4.6925	2.7775 - 2.7795
Mexico	5092.35 - 5097.05	3015.00 - 3016.00
N.Zealand	2.9420 - 2.9455	1.7430 - 1.7450
Saudi Ar	6.3040 - 6.3805	3.7500 - 3.7510
Singapore	2.9030 - 2.9095	1.7200 - 1.7220
S.Af (Cm)	4.8365 - 4.8480	2.8670 - 2.8685
S.Af (Fn)	5.4100 - 5.4985	3.2050 - 3.2575
Taiwan	45.05 - 45.15	26.[illegible] - 26.75
U.A.E.	6.1720 - 6.2485	[illegible]67[illegible] - 3.6735

* Selling rate.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Aug 14	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
YEN	[illegible]	7.319	12.70	[illegible]	43.19	11.13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	[illegible]	[illegible]	2.940	231.5	10.	2.577	3.315	[illegible]	1.941	[illegible]	1.431
S Fr.	[illegible]	[illegible]	1.141	[illegible]	3.881	1	[illegible]	855.4	[illegible]	[illegible]	[illegible]
H Fl.	[illegible]	0.511	[illegible]	[illegible]	3.017	0.777	1	[illegible]	[illegible]	18.27	[illegible]
Lira	[illegible]	[illegible]	1.334	105.1	4.537	1.169	[illegible]	1000.	[illegible]	27.48	[illegible]
C$	[illegible]	0.873	1.515	119.3	[illegible]	[illegible]	1.708	[illegible]	1	31.21	[illegible]
B Fr.	[illegible]	[illegible]	4.854	[illegible]	16.51	4.254	5.473	[illegible]	[illegible]	100.	2.363
ECU	0.702	1.184	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1540	[illegible]	[illegible]	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

CHICAGO

PARIS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls September	Calls December	Calls March	Puts September	Puts December	Puts March
102	-	3.63	-	-	0.16	-
[illegible]	-	2.74	-	[illegible]	0.28	0.60
104	1.40	-	-	[illegible]	0.52	0.88
105	0.57	[illegible]	-	[illegible]	0.83	-
106	0.15	[illegible]	[illegible]	[illegible]	-	-
107	0.02	0.51	0.90	-	-	-
Open Int	139,021	57,961	19,378	[illegible]	39,658	20,600

Estimated volume [illegible] Total Open [illegible]

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	[illegible]	3-mth	[illegible]	12-mth
1.6875	[illegible]	[illegible]	[illegible]	1.6176

[illegible] $s per £

	Latest	High	Low	[illegible]
Sep	1.6800	1.6814	[illegible]	[illegible]
Dec	1.6600	[illegible]	[illegible]	[illegible]
Mar	-	-	1.6420	[illegible]

BASE LENDING RATES

	%		%		%
Adam & Company	11	Co-operative Bank	11	McDonnell Douglas Bnk	11
Allied Trust Bank	11	Coutts & Co	11	Midland Bank	11
AIB Bank	11	Cyprus Popular Bk	11	Mount Banking	11
● Henry Ansbacher	11	Dunbar Bank PLC	11	NatWestminster	11
B & C Merchant Bank	11	Duncan Lawrie	11	Northern Bank Ltd	11
Bank of Baroda	11	Equatorial Bank plc	11	Nykredit Mortgage Bank	12
Banco Bilbao Vizcaya	11	Exeter Bank Limited	11½	Provincial Bank PLC	14
Bank of Cyprus	11	Financial & Gen. Bank	11.5	Roxburghe Bank Ltd.	12
Bank of Ireland	11	First National Bank Plc	14	Royal Bk of Scotland	11
Bank of India	11	● Robert Fleming & Co.	11	● Smith & Williamson Secs.	11
Bank of Scotland	11	Robert Fraser & Ptnrs.	11½	Standard Chartered	11
Banque Belge Ltd	11	Girobank	11	TSB	11
Barclays Bank	11	● Guinness Mahon	11	Unibank plc	11
Benchmark Bank	11	● Hambros Bank	11	● United Bk of Kuwait	11
Brit Bk of Mid East	11	Hampshire Trust Plc	13.5	Unity Trust Bank Plc	11
● Brown Shipley	11	Heritable & Gen Inv Bnk	11	Western Trust	11
CL Bank Nederland	11	● Hill Samuel	11	Westpac Bank Corp.	11
Citibank NA	11	C. Hoare & Co.	11	Whiteaway Laidlaw	11
City Merchants Bank	11	Hongkong & Shanghai	11	Yorkshire Bank	11
Clydesdale Bank	11	● Leopold Joseph & Sons	11		
Comm Bk. of London Plc	11	Lloyds Bank	11		
		Meghraj Bank Ltd	11		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Bundesbank drains

A RISE in the Bundesbank's Lombard emergency financing [illegible] be indicated by the allocation [illegible] funds [illegible] this week's securities repurchase agreement tender.

The German central bank drained liquidity from [illegible] banking system and allocated [illegible] *above* [illegible] cent [illegible] per [illegible] Lombard [illegible]. A [illegible] DM4.8bn was withdrawn as bids [illegible] DM20.7bn were successful, compared with expiring facilities worth DM25.5bn.

Most 35-day money at [illegible] tender was allotted [illegible] per cent, compared with [illegible] per cent at last week's tender, and [illegible] 63-day funds at 9.15 per cent, against [illegible] per [illegible] last similar tender two week's ago.

A rise of 1 point [illegible] 7½ per cent [illegible] *expected in the* discount rate at today's Bundesbank council meeting *and an increase of ½ point* to 9½ per cent in the Lombard rate. The central bank may [illegible] revert to fixed rate repurchase pacts, at around [illegible] per cent.

In London [illegible] had [illegible] firm tone. Three-month sterling interbank was quoted at 11-10⅞ per cent, against 11-10[illegible], with 12-month money unchanged [illegible] 10[illegible]-10[illegible] per cent.

Prices of short sterling [illegible] fell on Liffe. September delivery [illegible] 89.20 from [illegible].

The Bank of England initially forecast [illegible] credit shortage of £1,100m on [illegible] *market, but revised this* [illegible] £950m [illegible] was provided.

An early round [illegible] help was [illegible] and at that time the authorities bought £342m bills for resale to [illegible] on September [illegible] a [illegible] 10[illegible] per [illegible]. In further operations before lunch [illegible] England bought [illegible] bills, including £100m bank bills outright, [illegible] band 1 [illegible] per cent, and £23m for resale to the market on September [illegible] at 10[illegible] per cent.

In the afternoon £154m bills were purchased outright, by way of £1m Treasury bills in [illegible] 1 at 10⅞ per cent; [illegible] bank bills in band 1 at 10⅞ per cent; and £5m bank bills in band 2 [illegible] 10⅞ per cent. Late *assistance of around £205m* was also provided.

Bills maturing in official hands, *repayment* of late assistance and a take-up of Treasury bills drained £517m, with [illegible] unwinding [illegible] bill repurchase agreements absorbing £835m, a [illegible] in [illegible] note circulation £60m and [illegible] balances [illegible] target £140m. These outweighed exchequer transactions adding £450m.

UK clearing bank base lending rate 11 per cent from July 12, 1991

FT LONDON INTERBANK FIXING

[illegible] a.m. Aug 14) 3 [illegible] US dollars		6 months US Dollars	
bid [illegible]	offer 5¼	bid 5[illegible]	offer 5[illegible]

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime

		Treasury Bills and [illegible]			
Prime rate	8½	One month	5.41	Three year	6.79
Broker loan rate	7¾	Two month	5.37	Four year	7.00
Fed. funds	5½	Three month	5.46	Five year	7.38
Fed funds at intervention	-	Six month	5.60	Seven year	7.70
		One year	5.73	10-year	7.87
		Two year	6.41	30-year	8.12

Aug.14	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.95-9.05	8.90-9.05	9.00-9.15	9.15-9.30	9.30-9.50	9.00
Paris	8[illegible]-9[illegible]	9[illegible]-9[illegible]	9[illegible]-9½	9[illegible]-9[illegible]	9[illegible]-9[illegible]	9.25
Zurich	7[illegible]-7[illegible]	7[illegible]-7[illegible]	-	7[illegible]-8	-	-
Amsterdam	9.00-9.13	9.17-9.27	-	9.40-9.48	-	-
Tokyo	7[illegible]-7[illegible]	7[illegible]-7[illegible]	-	-	-	-
Milan	10[illegible]-11	11[illegible]-11[illegible]	-	11[illegible]-12[illegible]	-	-
Brussels	8.81-8.93	9[illegible]-9[illegible]	-	9[illegible]-9[illegible]	-	-
Dublin	9[illegible]-9[illegible]	9[illegible]-10	10-10[illegible]	10[illegible]-10[illegible]	10[illegible]-10[illegible]	-

LONDON MONEY RATES

Aug 14	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	11½	11[illegible]	11[illegible]	11	10⅞	10¾
Interbank Bid	10½	10[illegible]	11	10[illegible]	10¾	10[illegible]
Sterling CDs	-	-	11[illegible]	10[illegible]	10¾	10[illegible]
Local Authority Deps	11	11	11	10[illegible]	10[illegible]	10[illegible]
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	11¼	11	10[illegible]	10[illegible]	-	-
[illegible]	-	-	11[illegible]	11[illegible]	10[illegible]	10[illegible]
[illegible]	-	-	11[illegible]	11	10[illegible]	10[illegible]
Treasury Bills (Buy)	-	-	10[illegible]	10[illegible]	10	-
Bank [illegible] (Buy)	-	-	10[illegible]	10[illegible]	10[illegible]	-
Fine [illegible] (Buy)	-	-	-	-	-	-
Dollar [illegible]	-	-	5.70	5.72	5.85	6.12
[illegible] Dep Offer	-	-	7[illegible]	7[illegible]	7[illegible]	8
SDR Linked Dep. Bid	-	-	7[illegible]	7[illegible]	7[illegible]	7[illegible]
ECU Linked Dep. Offer	-	-	9[illegible]	9[illegible]	9[illegible]	10
ECU Linked [illegible] Bid	-	-	9[illegible]	9[illegible]	9[illegible]	9[illegible]

Treasury Bills (sell): one-month 10[illegible] [illegible] cent; three [illegible] 10[illegible] [illegible] six months 9[illegible] per [illegible] Bank Bills [illegible] per cent. [illegible] 10[illegible] [illegible] Treasury Average [illegible] rate of [illegible] 10 [illegible] ECGD Fixed [illegible] Sterling [illegible] Finance. M[illegible] up [illegible] July [illegible], 1991. Agreed [illegible] for period [illegible] 26, 1991 [illegible] September [illegible], 1991. Scheme I: 12.31 p.c. Schemes II & III: 12.38 p.c. Reference rate [illegible] June 29, 1991 to July 31, 1991 [illegible] IV&V 11.138 p.c. Local Authority [illegible] Finance [illegible] seven days' notice, others seven days' fixed. Finance [illegible] 11½ from August 1, 1991. Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates [illegible] Tax [illegible] (Series 6). Deposit £100,000 [illegible] over held [illegible] one [illegible] 7½ per cent; [illegible] months 10 per cent. [illegible] 9½ per cent; six-nine [illegible] 9 per cent; nine-twelve [illegible] per cent. [illegible] £100,000 7½ [illegible] from July 15, 1991. [illegible] withdrawn for cash 5 [illegible] cent.

MONEY MARKET FUNDS

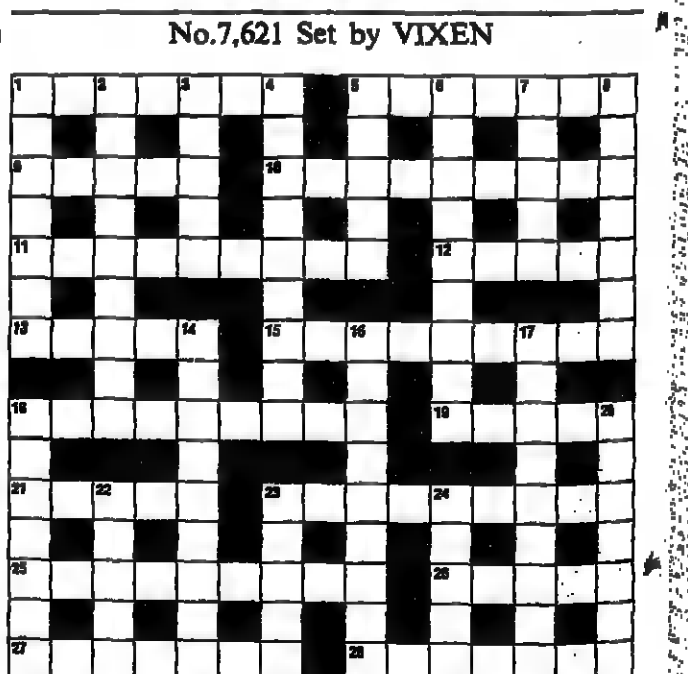
Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,621 Set by VIXEN



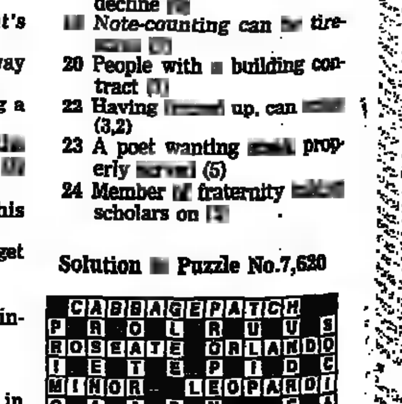
ACROSS

1 A duck kept inside stays fit (7)
5 Set a little house by [illegible] lake (7)
9 A [illegible] collecting money for [illegible] *religious centre* (5)
10 Dry peat over a special contraption (9)
11 Smooth allies – militant men at one time (9)
12 Person writing sound article [illegible]
[illegible] A gardening job *that's* really hard work (5)
15 Plainly this is not the way to use a needle (9)
18 Lure a girl into becoming a partisan [illegible]
[illegible] There are a hundred in [illegible] river – fifty are *superior* [illegible]
[illegible] A letter from Greece (5)
23 He knew how to lay his hands on a fortune! (4,5)
25 Rebelling can tire. It can get complicated (9)
[illegible] Divine substance (5)
[illegible] *GIs* seen making a beginning (7)
28 Not lit up naturally! (7)

DOWN

1 Making humble container in silver (7)
2 Good grounds [illegible] conserve the beer (9)
3 Cuts are shown in the supplement (5)
[illegible] *Rate highly* as [illegible] flowering plant [illegible]
[illegible] It's very foolish allowing credi[illegible] on [illegible] ship (5)
6 Sound fellow holding doctors up? That's nice! (9)
[illegible] [illegible] figure presented by [illegible]
[illegible] Some svelte, lean, or [illegible] skinny [illegible]
[illegible] *Aquatic* [illegible] *prints* are varied [illegible]
[illegible] Foolish [illegible] in the French (9)
17 Last month the engineer would [illegible] port – or decline [illegible]
[illegible] *Note-counting can* [illegible] *tire*[illegible]
20 People with [illegible] building contract [illegible]
22 Having [illegible] up, can [illegible] (3,2)
23 A poet wanting [illegible] properly [illegible] (5)
24 Member [illegible] fraternity [illegible] scholars on [illegible]

Solution [illegible] Puzzle No.7,620



هكذا من الأصل

هكذا من الأصل

WORLD STOCK MARKETS

AUSTRIA — BELGIUM/LUXEMBOURG — DENMARK — FINLAND — FRANCE — GERMANY — ITALY — NETHERLANDS — NORWAY — SPAIN — SWEDEN — SWITZERLAND — SOUTH AFRICA — JAPAN — AUSTRALIA — HONG KONG — MALAYSIA — SINGAPORE

CANADA

TORONTO
3:00 pm prices August 14
Quotations in cents unless marked $

MONTREAL
3:00 pm prices August 14

Total Sales 13,257,800 shares

INDICES

NEW YORK

DOW JONES	Aug 13	Aug 12	Aug 9	Aug 8	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3008.72	3001.34	2996.20	3013.86	3035.33 (3/6)	2470.30 (9/1)	3035.33 (3/6/91)	41.22 (2/7/32)
Home Bonds	95.49	95.45	95.50	95.49	95.50 (9/8)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1211.39	1214.39	1215.09	1221.79	1241.89 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	204.24	203.18	203.18	204.06	220.89 (16/4)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

Day's High 3041.14 (3013.42) Low 2989.27 (2974.06)

STANDARD AND POOR'S

	Aug 13	Aug 12	Aug 9	Aug 8	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	389.62	388.02	387.12	389.32	390.62 (6/8)	311.49 (9/1)	390.62 (6/8/91)	4.40 (1/6/32)
Industrials	462.75	461.22	461.09	463.92	465.60 (6/8)	364.90 (9/1)	465.60 (6/8/91)	3.62 (21/6/32)
Financial	32.07	31.50	30.82	30.95	32.07 (13/8)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	213.36	212.53	212.17	213.23	213.75 (7/8)	170.97 (9/1)	213.75 (7/8/91)	4.46 (25/4/42)
Amex Mkt. Value	367.65	364.31	365.98	366.59	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	514.40	510.00	508.31	509.39	514.40 (13/8)	355.75 (14/1)	514.40 (13/8/91)	54.87 (31/10/72)

	Aug 9	Aug 2	Jul 26	year ago (approx.)
Dow Industrial Div. Yield	3.08	3.07	3.10	3.98

	Aug 7	Jul 31	Jul 24	year ago (approx.)
S & P Industrial div. yield	2.68	2.70	2.77	2.94
S & P Indl. P/E ratio	19.62	19.50	19.02	16.95

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Sec Pacific	9,108,000	35½	+ 3⅛
BankAmerica	5,934,000	43⅞	+ 3⅛
Pan Am Corp	5,651,500	⅞	+ ⅛
Am T & T	3,519,100	38⅞	- ⅛
Fst. Intr A	3,517,300	1⅞	+ ⅛
Telefonos	2,590,900	30⅞	+ ⅛
Glaxo Hlds	2,528,600	45⅞	+ 1½
NCNB Corp	2,441,400	38⅞	+ 1⅞
East Kodak	2,413,500	43⅞	+ ⅛
C & S	2,355,700	30⅛	+ 1⅞

TRADING ACTIVITY

† Volume (Millions)	Aug 13	Aug 12	Aug 9
New York SE	211.890	145.280	144.698
Amex	11.403	9.323	10.263
NASDAQ	166.815	114.074	140.777
NYSE			
Issues Traded	2,074	2,071	2,072
Rises	921	761	694
Falls	681	753	865
Unchanged	472	557	513
New Highs	142	95	90
New Lows	9	21	11

CANADA

TORONTO	Aug 13	Aug 12	Aug 9	Aug 8	1991 HIGH	1991 LOW
Metals & Minerals	3107.47	3091.71	3114.58	3146.71	3299.99 (18/7)	2632.06 (9/1)
Composite	3524.23	3495.38	3502.77	3514.65	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1866.25	1842.98	1847.05	1854.25	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Aug 14	Aug 13	Aug 12	Aug 9	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1562.1	1553.9	1565.7	1584.1	1591.3 (7/8)	1204.5 (16/1)
All Mining (1/1/80) **	678.6	683.6	688.7	698.1	707.2 (24/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	459.81	458.56	458.76	461.75	534.81 (16/4)	398.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1142.52	1140.61	1142.53	1148.67	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	376.93	376.62	376.46	377.12	380.84 (2/8)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	988.6	992.1	1000.0	1003.3	1186.9 (8/4)	890.5 (25/1)
FRANCE						
CAC General (31/12/82)	475.07	470.77	469.81	470.59	494.95 (12/6)	394.80 (15/1)
CAC 40 (31/12/87)	1820.31	1808.84	1780.38	1783.54	1874.81 (11/6)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	680.37	680.83	675.89	677.37	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	1922.1	1920.1	1906.4	1913.4	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1650.19	1644.72	1626.06	1652.21	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4079.01	4052.70	4070.14	4024.01	4079.01 (14/8)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1422.66	1408.66	1407.64	1411.75	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	562.45	562.82	564.66	566.92	619.38 (3/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	23393.30	22872.00	22985.67	23434.62	27146.91 (18/3)	22176.17 (8/7)
Tokyo SE (Topix) (4/1/68)	1789.54	1766.85	1776.17	1804.81	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	2936.76	2939.26	2973.61	3016.03	3423.45 (10/6)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	564.58	559.57	558.10	565.43	635.02 (29/5)	470.41 (16/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	279.5	279.6	278.4	279.0	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	199.0	199.1	198.3	198.7	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	789.49	781.30	772.52	776.87	792.13 (4/6)	618.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	936.98	945.95	968.86	975.37	1185.40 (29/5)	582.64 (16/1)
SINGAPORE						
SES All-Singapore (2/4/75)	389.28	387.27	390.58	(c)	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1259.0§	1265.0	1287.0	1285.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	4167.0§	4142.0	4120.0	4107.0	4167.0 (14/8)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	693.12	709.67	706.06	745.13	763.10 (6/8)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	271.29	270.91	270.11	270.18	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvariden Gen. (1/2/37)	1105.30	1098.50	1092.90	1096.20	1149.0 (11/7)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	762.4	759.0	757.6	760.0	767.2 (16/7)	590.4 (14/1)
SBC General (1/4/87)	635.0	632.4	631.5	633.0	638.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	5089.95	5104.43	5157.66	5142.60	6305.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	689.87	689.76	(c)	702.92	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) (§)	504.8*	502.3	501.5	503.9	529.2 (17/4)	439.1 (16/1)

**Saturday August 10: Taiwan Weighted Price: 5207.01 Korea Comp Ex. 741.58.
*Calculated at 15.00 GMT.
§ Subject to official recalculation.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed, (u) Unavailable.

TOKYO - Most Active Stocks
Wednesday, August 14 1991

	Stocks Traded	Closing Prices	Change on day
M'bishi Mat'l	6.3m	[illegible]	+19
Nippon Carbon	4.3m	1,080	+60
Nippon Steel	3.8m	402	+3
M'bishi Heavy	3.6m	[illegible]	+3
Chiyoda Corp	2.9m	[illegible]	+60
Showa Shell S	2.6m	1,780	+80
Hitachi	2.5m	1,100	+10
Nippon Mining	2.5m	535	+16
Kobe Steel	2.3m	485	+7
M'bishi Oil	2.3m	1,080	+80

Price data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. § Dealings Suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

3:15 pm prices August 14

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16 7/8	9 1/4	AAR Corp	0.48	0.03	17	110	u16 7/8	16 5/8	16 5/8	-1/8
18 3/4	14 1/2	A L Labs A	0.18	0.01	19	45	17 7/8	17 5/8	17 5/8	-1/4
55 3/4	40 7/8	AMP Inc	1.44	0.03	19	1090	51 7/8	51 1/2	51 1/2	+1/8
68 5/8	44 1/4	AMR				113903	62 5/8	60 1/4	60 1/4	-2 1/4
2 5/8	1 1/4	ARX			1	3	1 3/8	1 3/8	1 3/8	
56	41 1/2	ASA	3.00	0.06	14	798	50	49 1/2	50	+1/2
55 1/4	39 1/4	Abbott Lab	1.00	0.02	22	2881	54 3/8	54	54	
14 1/2	9 7/8	Abitibi Pr	0.50	0.04	26	112	14 1/8	14 1/8	14 1/8	
11 5/8	10 7/8	ACM Gvt In x	1.26	0.11		589	11 1/8	11 1/8	11 1/8	
9 3/8	8 3/8	ACM GvOpp x	1.01	0.11		86	9 3/8	9 1/4	9 1/4	
9 1/4	8 5/8	ACM Gvt Sp x	1.01	0.11		205	9 1/8	9	9 1/8	+1/8
11	9 7/8	ACM Gvt Se	1.26	0.12		446	10 5/8	10 1/2	10 1/2	-1/8
8 1/2	7 5/8	ACM Man x	1.01	0.12		467	8 1/4	8 1/8	8 1/4	+1/8
12 7/8	11 1/2	ACM Managd x	1.35	0.11		97	12 3/8	12 1/4	12 3/8	
7 1/2	4 3/4	Acme Cleve	0.40	0.06	17	49	6 7/8	6 5/8	6 5/8	-1/4
6	3 1/2	Acme Elect			36	z100	3 3/4	3 3/4	3 7/8	
40	22 3/4	Acuson			21	1348	32 5/8	31 7/8	32	-3/8
18 3/4	14 1/4	Adams Exp x	0.48	0.03	0	113	16 3/8	16 1/4	16 1/4	
20 1/8	17 1/2	Adobe12Pf	2.40	0.13		20	18	17 7/8	18	+1/4
9 1/4	6 3/4	Adobe Res			20	12	6 7/8	6 7/8	7	
38 1/2	18	Ad Micro				11	35 1/4	35	35 1/4	+1/8
14 1/4	4 5/8	Ad Micro P	3.00	0.26		182809	11 3/4	11 1/2	11 1/2	+1/8
5 1/8	2 1/4	Advest Grp	0.16	0.05	5	18	3 1/2	3 3/8	3 3/8	-1/4
49 1/8	33 7/8	Aetna Lf	2.76	0.07		73219	38 1/4	37 3/4	37 3/4	
10 5/8	6 5/8	Affil A x	0.24	0.03	46	384	8 1/8	8 1/4	8 3/8	+1/8
20 3/4	12	Ahmanson x	0.88	0.04		123644	u20 7/8	20	20 1/8	+3/8
12 3/4	2 7/8	Aileen Inc			15	793	11 5/8	11 5/8	11 1/2	+1/4
74 1/8	51 5/8	Air Pr Chm	1.56	0.02		142658	66	64 5/8	65 1/2	+7/8
[illegible]										

- A - - B - - C - - D - - E - - F - - G - - H - - I - - J - - K - - L - - M - - N - - O - - P - Q - - R - - S -

Continued on next page

هكذا من الأصل

هكذا من الأصل

NYSE COMPOSITE PRICES

Continued from previous page

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
26½	20⅝	S Anita Rt	2.06	0.08	19	36	25¼	24⅞	25	+⅛
15¼	11½	SCOR US Cp	0.24	0.02	8	10	14⅛	13¾	14⅛	+⅛
37	20⅝	SPS Techno	1.28	0.04	13	19	28⅛	27⅞	27⅞	-1⅛
2⅛	1/32	SantchiA&S			0	1298	⅞	d⅛	1/16	-1/16
13	11	Sabine Rt x	1.83	0.14	7	40	12⅛	12	12	-⅛
9⅞	5⅞	Safecard	0.30	0.04	7	182	8½	8¼	8¼	
13⅞	6⅝	Saleg'd Sc			3	54	11⅛	11	11⅛	+⅛
37	25	SafetyKln x	0.32	0.01	30	62a	32	31⅞	31⅞	-⅛
21⅝	11⅞	Safeway			18	1759	19⅝	18	18⅞	+⅜
4⅞	2⅜	SafewayW96				562	4⅛	4⅛	4⅛	+⅛
35⅞	26⅞	StJoePaper	0.20	0.01	36	13	33⅛	33	33	
33	26⅝	StJosL&P	1.68	0.06	12	20	32⅛	32½	32½	-⅛
4¼	1½	Salant Crp			0	10	2⅞	2⅞	2⅞	
67	43⅝	Sallie Mae	0.80	0.01	20	2163	u67⅛	67	67½	+1⅛
13⅞	10⅜	Salomon Br	0.60	0.04		889	u13⅝	13½	13⅝	
37	22¼	SalomonInc	0.64	0.02	7	9907	32½	31⅜	31½	-½
45¾	37⅛	SanDgo G&E	2.70	0.06	11	1606	41¼	40⅞	41¼	+⅜
4⅞	2⅛	SantaFeEDu	0.60	0.18	16	37	3⅛	3⅛	3⅛	
16⅞	11⅜	SantaFeERs	0.16	0.01	24	354	12⅛	11⅞	11⅞	-⅛
31⅛	25	SantaFePac	2.65	0.08	9	12	31	30⅞	31	-⅛
10	6⅛	SantaFeStn			48	823	9⅞	9⅝	9⅝	
44¼	29⅝	Sara Lee	0.94	0.02	20	3344	43⅝	42⅞	43⅛	+½
⅛	1/16	Savin Corp			0	7184	⅛	0.08	0.08	
7⅞	1⅞	Savin D 80	0.48	0.19		51	2½	2⅜	2½	-⅛

- X - Y - Z -

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
60⅛	35⅛	Xerox	3.00	0.05	9	893	56⅞	55⅞	56⅝	+½
51	43¼	Xerox4 125				6	u51	51	50⅞	
21⅛	14⅛	Xtra 1 94 r				21	21½	20⅝	20⅝	
24⅞	14⅛	Xtra Corp x	0.72	0.03	76	3	22⅞	22⅛	22⅞	-⅛
24⅛	21⅞	Yankee Egy	1.80	0.07	11	25	23½	23⅞	23⅞	-⅛
1½	⅝	Zapata			2	42	⅞	1⅛	1⅛	
9⅞	5⅞	ZenithElec			1	435	6	d5⅞	6⅛	
18½	12	Zenith Nat	1.00	0.06	107	7	17	17	17⅛	
6⅛	4½	Zenix Inc	0.84	0.14		24	6	5⅞	6	+⅛
15⅛	10⅞	Zero Corp x	0.40	0.03	15	45	14⅛	14⅛	14⅛	-⅛
41⅞	29½	Zurn Ind	0.88	0.02	15	55	39⅛	39	39	-⅛
13½	10⅛	Zweig Fund	1.12	0.09		147	12⅞	12⅝	12⅞	+⅛
10	8½	Zweig Tot x	0.96	0.10		566	u10	9⅞	10	

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices August 14

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Oil Corp	0.14	13	190	9	8⅞	9	
Pall Corp	0.44	26	606	37½	37⅛	37⅛	+½
Pegasus G		8	365	12⅞	12⅝	12⅞	+⅛

NASDAQ NATIONAL MARKET

3:00 pm prices August 14

FINANCIAL TIMES Thursday August 15 1991

AMERICA

Dow lifted by consumer price data and firm bonds

Wall Street

SHARE PRICES rose yesterday morning in active trading, buoyed up by good inflation news and a firm bond market, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was up 10.29 at 3,019.01. The more broadly based Standard & Poor's 500 was also firmer, up 1.98 at 391.60, while the Nasdaq composite of over-the-counter stocks climbed to another record, rising 3.19 to 517.59. Trading was heavy for the second day running, with volume reaching 119m shares by 1 pm.

The day got off to a good start after the Labor Department announced that consumer price inflation had risen 0.2 per cent during July. The figure (and the 0.4 per cent rise in core consumer inflation, which excludes energy and food prices) was slightly better than expected, and heightened speculation that the Federal Reserve would cut interest rates again soon.

With analysts predicting that annual consumer inflation of only 3.5 per cent by the end of the year, there appears to be plenty of room for the Fed to ease monetary policy without fear of stoking the inflationary fires.

Among individual stocks, Manufacturers Hanover, which is in the process of merging with Chemical Bank, rose $1¼ to $33 after announcing that it was in talks with a unit of State Street Boston concerning the possible sale of Manny Hanny's Tokyo trust business. State Street shares edged $¼ higher to $49¾.

Reebok climbed $1⅞ to $31⅞ in heavy trading, benefiting from a growing belief that sales at the sports shoe retailer have held up well in recent months. In particular, analysts say that a new line of Blacktop athletic shoes has been well received, helping to maintain a strong upward trend in earnings.

Furr's/Bishop's, a company that operates cafeterias, dropped $1⅛ to $2 after it warned that it would probably not pay a third quarter dividend on its convertible preferred stock, and consequently might not be able to buy back stock at $4 a share under its current self-tender offer.

Lotus Development jumped $2¾ to $36¾ on volume of 2m shares after analysts at Goldman Sachs and Cowan & Co made positive comments on the stock, citing the impending release of new software. Lotus was also aided by the successful debut yesterday of Sybase, a software products and services company in which it owns 17 per cent. Sybase, offered at $13.50, traded at $18 on volume of 3.2m shares.

Applied Materials fell sharply early on, before recovering to stand down $½ at $26¾ at midsession. The stock was undermined by a drop in fiscal third quarter income and a warning from the company that the next few quarters would be difficult.

Canada

TORONTO stocks rose in moderate midday trading. The composite index was up 29.02 at 2,818.70 on volume of 15.7m shares. Advances led declines by 239 to 180, with 235 issues unchanged. Banking and gold shares were higher but metal and mining shares were lower.

The Bank of Novia Scotia was the most active stock, rising C$½ to C$44⅛ as 985,000 shares changed hands.

Laidlaw B shares were also heavily traded, gaining C$½ to C$14¼ on volume of 633,106. American Barrick was up C$⅛ at C$27¾ and Crestbrook Forest Industries rose C$¾ to C$16½.

SOUTH AFRICA

DEMAND FOR quality industrials lifted the sector's index by 25 to 4,167, yet another record high. But the gold index fell 6 to 1,259 on a renewed, platinum-led slide in bullion prices. The overall index added 9 to 3,515.

Brazil declines as inflation rises

By Victoria Griffith in Rio de Janeiro

THE BRAZILIAN stock market fell this week on fears of another drastic plan to bring inflation under control. The São Paulo stock index dropped 7 per cent during Monday and Tuesday to 16,240, on growing pessimism about the economy.

The necessity of yet another "economic shock" is growing, as prices continue to surge. Inflation reached 11.3 per cent in July, the highest level since March, and economists warn that inflation will soon spiral upwards. "Inflation will exceed 20 per cent by the end of the year," said Mr Fabricio Oliveira, head of economics at the University of Campinas.

Price rises are being fuelled by the government's return to the cruzados novos currency, which had been replaced by cruzeiros as part of last year's measures to fight inflation. Today the government will hand back $1.7bn in cruzados, the first of 13 instalments totalling $26bn.

The sharp rise in interest rates this week added to the downward pressure on share prices. Interest rates have surged to 500 per cent a year, the highest since President Fernando Collor de Mello took office last year. The government is raising interest rates in an attempt to attract some of the cruzados into savings and government bonds, and so curb consumer spending.

The release of the cruzados may provide some temporary relief for the stock market, which is likely to receive a small portion of the money. The stock market index was up 3.4 per cent at 16,800 at midsession yesterday, in anticipation of an inflow of funds, on reasonable turnover of Cr7.9bn.

However, Mr Alvaro Vidigal, president of the São Paulo exchange, said that the trend was down: "We are entering a very bad phase. I am not optimistic about the second half."

Yugoslavia dashes Austria's eastern hopes

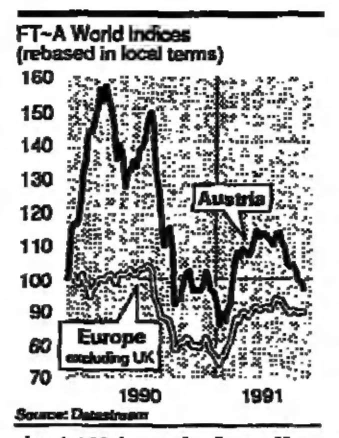
Judy Dempsey explains how geographical location is no longer helping the bourse

WHEN the communists fell from power in eastern Europe two years ago, traders at Vienna's stock exchange were delighted. Austria's close proximity to its eastern neighbours would finally bear fruit, as these economies would be reformed, and foreign investors would use Austria as a gateway to the untapped markets of eastern Europe.

Alas, as traders are finding out, geography has its drawbacks. The crisis in neighbouring Yugoslavia has affected the Vienna bourse so much that foreign investors are looking elsewhere to invest. Few believe the exchange will recover after the summer holidays.

Austria shares its southern borders with Yugoslavia. When fighting broke out between the Yugoslav federal army and Slovenia on June 26, the effect on the Vienna exchange was immediate.

On April 16 the Vienna bourse index had reached a 1991 high of 596.05, slipping to



about 586 by early June. Yesterday, it closed at 516.72, a fall of 13.3 per cent from its year's peak and 17.1 per cent lower than at the same time last year, when the index stood at 623.62.

The bourse has gained 2 per cent so far this year in local currency terms, according to the FT-Actuaries World Indices, well below the rise of 16.4 per cent for Europe excluding the UK. In the current quarter, Austria has dropped 5.6 per cent, compared with a gain of 0.3 per cent for continental Europe.

The average daily turnover in Vienna so far this August is about Sch300m ($24.6m), a significant fall from August 1990, when the daily turnover was Sch1.5bn.

Mr Christian Gutlederer, a senior official at the Vienna bourse, says: "You cannot imagine the impact the Yugoslav crisis has had on the exchange. Foreign investors who, in any case, were slowly drawing away from the exchange, are now staying away completely."

Although the fighting in the republic of Slovenia, which borders with Austria, has stopped, Viennese traders say there is little prospect of institutional foreign investors returning in large numbers.

"The problem is the international perception of Austria's geographical position *vis-à-vis* Yugoslavia," says Mr Marko Muselin, head of the securities department at Creditanstalt, Austria's largest bank.

"The Austrian banks do not have a high exposure to Yugoslavia. About 2 per cent of our total foreign trade is with Yugoslavia. But if the fighting between Serbs and Croats escalates, and if there are problems on the Hungarian borders, then the repercussions will be very serious for us. Foreigners want stability," he explains.

Fears of higher interest rates are another reason why foreign and domestic investors are staying firmly on the sidelines. The unity of the two Germanys was a welcome fillip for Austrian industry, as well as for the bourse. Germany accounts for 35 per cent of Austria's exports and 43 per cent of its imports; the Austrian schilling is tied to the D-Mark. If the German Bundesbank decides to raise interest rates at its council meeting today, it would put pressure on the Austrian National Bank to follow suit.

For now, Mrs Maria Schaumayr, president of the Austrian National Bank, has indicated that she will raise interest rates by only half the German increase.

Some unsuccessful flotations have also contributed to the lack of confidence on the Vienna bourse. Tiroler Loden, which specialises in traditional-style fashions, was listed on the exchange in late 1987. A quarter of the shares – or Sch150m – were offered to the public, the remainder to institutions. Last month, trading was suspended and the company has filed for bankruptcy.

But in spite of the gloomy news in Vienna, compounded by a downward revision of gross domestic product from 3.5 per cent to 2.5 per cent for this year, traders believe the market is reaching a floor. "Quite honestly, the index was far too high," says Mr Muselin, adding that he expects it to stabilise around the 500 level.

EUROPE

Corporate disappointments erase Dutch gains

COMPANY FORECASTS and results weighed down Amsterdam yesterday, as other bourses remained preoccupied with today's meeting of the Bundesbank. Several markets are shut today for Assumption Day, *writes Our Markets Staff.*

AMSTERDAM lost its early gains on a disappointing profit statement from Hoogovens, the steel company, and poor interim results from Hunter Douglas, the window blinds manufacturer. The CBS tendency index closed 0.2 lower at 92.0, having been as high as 92.6 at midsession.

Hoogovens closed Fl 2 down at Fl 58.80. Its half-year result – a plunge in net profits to Fl 55m from Fl 155m – was better than market forecasts, but the shares fell on the news that Hoogovens expected only to break even in the second half.

Hunter Douglas closed Fl 6.50 or 8 per cent down at Fl 74.90, having lost 11 per cent earlier in the day. Late on Tuesday, it announced a 40 per cent fall in first-half net profits to Fl 41.6m. The unexpectedly bad results, after the company had raised investors' hopes of a good half-year result in May, were expected to prompt analysts to downgrade their full-year forecasts.

FRANKFURT continued to rise on hopes that the Bundesbank would finally raise interest rates today. The DAX index ended 5.47 higher at 1,650.19, while the FAZ index, calculated at midsession, eased 0.46 to 680.37. Volume rose to DM5.29bn from DM5.03bn.

Second-liners were in the limelight. In a firm building sector, Philipp Holzmann rose DM35 to DM1,375 and Hochtief added DM29 to DM1,354.

Among retailers, Kaufhof jumped DM19 to DM499 and Karstadt gained DM16.50 to DM617.50, helped by indications that the summer sales had gone well and by the strong first-half sales from Karstadt on Tuesday.

PARIS ended at the day's high in moderate trading, on hopes that the uncertainty over German interest rates would disappear today. The CAC 40 index gained 11.47 to 1,820.31, a two-month high, in turnover of about FFr1.9bn after Tuesday's FFr1.94bn. The bourse is closed today and tomorrow.

The car sector continued to attract demand. Peugeot, helped on Tuesday by the company's encouraging remarks on the second half, gained another FFr10 to FFr623 on volume of 222,100 shares, worth FFr137m. Michelin, the tyremaker, added 50 centimes to FFr115.50 on 324,950 shares.

BSN, the food group, slipped FFr2 to FFr897 on the day's second best turnover of FFr103m. Volume of 114,580 shares was swelled by two large block trades, of 50,000 shares at FFr900 each and of 20,000 at FFr899.

MILAN was supported by professionals closing their short positions at the end of the August account. The Comit index eased just 0.37 to 562.45. Volume was estimated at close to Tuesday's L89bn, relatively low for the last day of a trading account. The bourse is closed today and tomorrow.

The new account begins on Monday with the quotation of Germany's Volkswagen and Bayer, the first two foreign stocks to be listed in Italy.

ZURICH followed Frankfurt higher, with the Crédit Suisse index rising 1.3 to 547.3. In the chemical sector, Ciba-Geigy's bearer shares gained SFr50 to SFr2,980.

Swissair's bearers fell SFr5 to SFr760 after the airline announced a cut of 420 jobs by 1993.

STOCKHOLM was encouraged by gains in London, Paris and Frankfurt. The Affärsvärlden General index rose 6.8 to 1,105.30 in turnover of SKr444m, up from SKr262m. Electrolux was steady at SKr260, ahead of its its interim results tomorrow.

COPENHAGEN edged higher, with market attention fixed on Novo Nordisk, the pharmaceuticals group. Novo gained DKr7 to DKr477 after announcing its first-half results. The bourse index added 0.31 to 376.93.

OSLO moved mostly higher, on domestic and foreign buying. The all-share index added 4.98 to 522.13 in good turnover of NKr379m, but the bank sector index fell 0.60 to 62.99 as Den norske Bank shed NKr2 to NKr61.

MADRID's general index edged higher, adding 0.38 to 271.29. Turnover was light at about Pta6bn, down from Pta8bn.

FT-SE Eurotrack 100 - Aug 14

Hourly changes

Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1116.76	1116.44	1115.64	1116.09	1116.92	1118.86	1119.06	1118.18

Day's High 1119.80 Day's Low 1115.13

Aug 13	Aug 12	Aug 9	Aug 8	Aug 7
1113.47	1107.42	1110.85	1111.44	1113.11

Base value 1000 (26/10/90)

ASIA PACIFIC

Nikkei rebounds 2.3% on rate optimism

Tokyo

SHARE PRICES rebounded across the board yesterday, after four consecutive daily losses, on optimism that lower interest rates were not far off, *writes Neil Weinberg in Tokyo.*

The Nikkei average opened at the day's low of 22,903.30 and rose steadily to finish at the day's high of 23,393.30, up 521.30 or 2.3 per cent. Volume picked up modestly from 180m to 214m shares, passing the 200m level for the first time in nine sessions. Advances led declines by 700 to 239, with 142 issues unchanged.

The Topix index of all first section shares climbed 22.69 to 1,789.54, but the second section shed 2.50 to 2,936.76. In London the ISE/Nikkei 50 index lost 3.02 to 1,369.10.

Prices received a boost at the opening from program buying connected with stock index arbitrage, and were then supported by strong bonds and bond futures. Rumours that a Bank of Japan meeting on September 2 could produce a reduction in the official discount rate triggered further demand, a dealer said.

The broadly based advance included 35 of the 36 industrial sectors, with telecommunications the only loser, mostly owing to a loss in the heavily weighted Nippon Television of Y100 to Y23,700.

Interest rate-sensitive stocks fared well, including electric power utilities, real estate, financial institutions, paper and pulp and high-technology shares. Kansai Electric rose Y80 to Y2,810, Nomura Y60 to Y1,710 and Sony Y70 to Y6,000.

The oil sector rose sharply on earnings prospects. Mitsubishi Oil appreciated Y60 to Y1,080 and Showa Shell Sekiyu Y80 to Y1,760.

Issues popular with speculators were active, with Nippon Carbon up Y60 at Y1,050 and Chiyoda Corp Y90 at Y1,820.

The share prices of the three banks that suffered on Tuesday, because of their connections to the Toyo Shinkin loan scandal, rebounded, along with other banking shares. This was possibly on support from the banks themselves or their leading shareholders. Dai-Ichi Kangyo rose Y100 to Y2,390, Sanwa Y60 to Y2,300 and Industrial Bank of Japan Y10 to Y3,450.

Although the cash market was strong in the last hour of trading, the futures market retreated sharply. Traders feared that this could lead to a lower opening in the cash market today.

In Osaka, the OSE index moved forward 211.13 to 24,923.86 on volume of 16.5m shares. Nintendo rallied Y500 to Y11,500 on bargain hunting.

Roundup

THE RISE in Tokyo encouraged several Pacific Rim markets yesterday, but others were more concerned with their domestic economies.

HONG KONG reached its second all-time high in a week, on renewed enthusiasm for the property sector. The Hang Seng index added 26.31 at 4,079.01. Turnover expanded to HK$1.4bn from HK$931m.

Hongkong Bank was the most traded stock, but it closed unchanged after gaining 45 cents earlier in the day.

SINGAPORE firmed in moderate trading on bargain hunting following recent declines. The Straits Times Industrial index gained 9.86 to 1,434.07, the day's high. Volume was little changed at 45m shares.

KUALA LUMPUR, after falling on Tuesday, rallied over a broad front as bargain hunters emerged. The composite index put on 10.01 to 569.58. Volume was 27m shares, against 28m.

SEOUL suffered a steep decline in light dealings, reacting to a rise in bond yields and the government's upward revision of its trade deficit forecast for this year. The composite index dropped 16.55 or 2.3 per cent to 693.12. Turnover shrank to Won317bn from Won390bn.

AUSTRALIA fell for the third day in a row, the All Ordinaries index slipping 1.9 to 1,552.1. Turnover was steady at A$209m. Investors were hesitant to act before the announcement of GDP figures today and the Federal Budget next Tuesday, when trading will be extended by 30 minutes.

BOMBAY rose to its second record high in as many days, led by export-related stocks. The BSE index added 18.39 or 1.1 per cent at 1,705.63.

MANILA eased in nervous trading, amid talk of a coup attempt and the potential rejection by the US of its bases treaty. The composite index dipped 8.97 to 936.98 in turnover of 88m pesos, after 85.5m.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY AUGUST 13 1991								MONDAY AUGUST 12 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	147.39	−0.8	129.07	127.18	132.61	125.19	−0.7	5.14	148.62	129.77	128.23	133.29	126.13	151.58	112.74	148.52
Austria (20)	172.57	+0.3	151.12	148.90	155.26	154.98	+0.1	1.83	172.00	150.18	148.41	154.25	154.90	222.37	167.00	244.68
Belgium (47)	130.50	−0.1	114.26	112.59	117.40	114.89	−0.1	5.15	130.58	114.02	112.66	117.11	114.96	151.20	121.73	146.98
Canada (114)	139.29	+0.8	121.98	120.16	125.30	115.58	+0.8	3.28	138.18	120.65	119.22	123.92	114.72	142.27	126.49	138.98
Denmark (37)	255.54	−0.2	223.78	220.49	229.90	232.95	+0.1	1.52	255.98	223.51	220.87	229.57	232.65	270.56	217.74	269.65
Finland (16)	100.41	+0.0	87.93	86.64	90.34	88.49	−0.1	2.72	100.43	87.69	86.66	90.07	88.56	125.15	90.00	135.32
France (109)	133.07	+0.7	116.53	114.81	119.71	123.00	+1.1	3.61	132.15	115.38	114.02	118.50	121.63	152.26	120.60	144.32
Germany (65)	108.79	+0.3	95.27	93.86	97.88	97.88	+0.7	2.30	108.43	94.68	93.57	97.24	97.24	125.35	102.03	129.82
Hong Kong (55)	168.63	−0.4	147.68	145.50	151.72	168.14	−0.4	4.15	169.23	147.76	146.02	151.78	168.79	169.57	119.62	125.86
Ireland (18)	152.55	−0.5	133.59	131.62	137.24	139.35	+0.1	3.59	153.24	133.80	132.22	137.43	139.28	182.46	132.88	172.59
Italy (77)	73.39	−0.9	64.27	63.32	66.02	71.15	−0.4	3.28	74.02	64.63	63.86	66.38	71.42	88.23	68.69	96.60
Japan (474)	127.13	−0.4	111.33	109.70	114.40	109.70	−0.4	0.77	127.69	111.49	110.17	114.53	110.17	146.97	118.35	128.26
Malaysia (68)	210.14	−0.4	184.02	181.31	189.05	224.58	−0.5	2.95	211.06	184.29	182.11	189.28	225.86	247.78	192.83	220.94
Mexico (16)	1085.56	−0.5	959.40	945.29	985.66	3612.05	−0.5	1.50	1100.83	961.18	949.84	987.25	3629.42	1152.58	534.45	551.49
Netherland (31)	138.62	+0.0	121.57	119.78	124.90	123.71	+0.4	4.33	138.82	121.21	119.78	124.50	123.20	145.73	125.70	141.37
New Zealand (14)	46.32	−1.3	40.57	39.97	41.68	42.84	−1.7	7.10	46.94	40.98	40.50	42.10	43.57	54.64	41.18	63.26
Norway (32)	202.46	+0.6	177.30	174.69	182.15	186.04	+0.9	1.58	201.19	175.67	173.60	180.44	184.46	223.24	182.24	267.61
Singapore (38)	192.52	−0.9	168.59	166.12	173.20	152.69	−1.0	2.25	194.29	169.64	167.64	174.24	154.18	208.25	151.63	175.49
South Africa (61)	250.44	+2.5	219.32	216.08	225.31	175.74	+0.1	3.09	244.25	213.26	210.74	219.04	175.61	258.85	173.00	211.93
Spain (54)	149.51	−0.1	130.93	129.00	134.51	122.95	+0.4	4.36	149.61	130.63	129.10	134.18	122.47	171.12	131.51	161.06
Sweden (25)	188.19	−0.2	164.80	162.38	169.31	175.37	+0.1	2.53	188.60	164.68	162.74	169.15	175.27	204.12	146.60	215.22
Switzerland (58)	93.49	−0.2	81.87	80.67	84.12	87.78	+0.1	2.19	93.63	81.75	80.79	83.98	87.65	100.67	82.17	99.98
United Kingdom (240)	174.82	+0.3	153.09	150.82	157.26	153.09	+0.6	4.79	174.28	152.17	150.36	156.29	152.17	187.44	156.27	170.29
USA (527)	158.15	+0.4	138.50	136.47	142.29	158.15	+0.4	3.07	157.52	137.54	135.92	141.27	157.52	158.31	125.95	136.90
Europe (829)	138.05	+0.2	120.89	119.12	124.21	123.17	+0.5	3.87	137.78	120.30	118.88	123.57	122.53	151.52	125.50	147.06
Nordic (110)	186.89	−0.1	163.66	161.25	168.14	165.58	+0.2	1.96	187.05	163.32	161.39	167.75	165.28	200.81	155.55	212.45
Pacific Basin (718)	128.71	−0.5	112.71	111.06	115.80	111.57	−0.5	1.13	129.30	112.90	111.57	115.96	112.08	145.92	117.86	126.87
Euro−Pacific (1547)	132.74	−0.2	116.24	114.53	119.42	116.94	−0.1	2.26	132.99	116.12	114.74	119.26	117.01	147.66	121.29	136.63
North America (641)	156.91	+0.4	137.41	135.40	141.19	155.27	+0.4	3.06	156.25	136.43	134.83	140.15	154.63	157.08	125.91	136.93
Europe Ex. UK (589)	116.18	+0.1	101.74	100.27	104.55	105.95	+0.5	3.17	116.05	101.33	100.16	104.10	105.46	129.80	106.85	132.05
Pacific Ex. Japan (244)	144.35	−0.6	126.41	124.57	129.88	128.42	−0.7	4.39	145.29	126.86	125.39	130.32	129.26	147.60	111.40	135.15
World Ex. US (1738)	134.77	−0.1	118.02	116.29	121.26	118.41	+0.0	2.31	134.91	117.79	116.41	120.99	118.44	148.16	122.32	137.67
World Ex. UK (2025)	138.48	+0.1	121.27	119.50	124.60	128.60	+0.1	2.34	138.40	120.84	119.42	124.13	128.50	145.77	120.06	133.00
World Ex. So. Af. (2204)	140.92	+0.1	123.41	121.61	126.80	130.52	+0.1	2.59	140.85	122.98	121.54	126.32	130.34	148.86	122.92	135.86
World Ex. Japan (1791)	150.69	+0.3	131.96	130.03	135.59	142.61	+0.4	3.41	150.20	131.15	129.61	134.72	142.06	152.83	126.69	141.85
The World Index (2265)	141.65	+0.1	124.04	122.22	127.45	130.91	+0.1	2.59	141.52	123.57	122.12	126.93	130.74	149.01	123.28	136.32

Latest prices were unavailable for this edition.

BUSINESS LAW

Europeans run up against US laws

By Joseph Flom

BANKING and insurance companies in the European Community are rapidly consolidating across industry lines. At the same time, a number of European insurance companies have been expanding through acquisitions of American insurers. However, as a result of incompatible regulatory systems and industry structures, these activities could be severely limited.

A big difficulty is created by the American system of banking regulation. US prohibitions on affiliations between American banks and insurance companies are also applied to European and other foreign banks operating in America.

This applies even if the American banking and insurance operations of a foreign bank are in practice entirely independent of one another.

Thus, if a European bank and its prospective European insurance company partner both have operations in the US, a merger or acquisition will generally result in the combined entity being required to discontinue one of the businesses.

European financial services companies which engage in inter-industry mergers or acquisitions in Europe may thereby sacrifice the ability to expand into the US.

The US banking regulatory system seeks to maintain a separation between banking and commerce. This is based on the premise that commercial credit will be allocated more fairly or efficiently if banks are not permitted to favour their commercial affiliates and that prohibiting banks from having commercial affiliates will guarantee that result.

It is also based on the premise that restricting certain non-banking financial activities would minimise risks taken by American banks. Accordingly, US banks are generally restricted in the conduct of non-banking activities in their home market, including insurance activities.

The US generally applies to foreign banks a policy of "national treatment", subjecting foreign banks to rules no less favourable than those applied to American banks. At the same time, however, the American regulators go to some lengths to ensure that foreign banks do not gain a "competitive advantage". Foreign banks, therefore, are generally subject to the same limitations as American banks.

In principle, "national treatment" sounds fair, since it is hard to complain about being treated no worse than the locals. In practice, however, the policy can lead to less than even-handed results.

Thus, if the rule against non-banking activities and investments were applied without modification to European banks which own significant interests in a number of large foreign companies with American operations, the banks could be required either to close their American branches or to halt operations by their affiliates in the US.

This result was considered excessive, and therefore the law contains specific exemptions for certain industrial and commercial activities conducted by affiliates of foreign banks in the US which they also conduct elsewhere.

To avoid giving foreign banks a "competitive advantage," however, insurance activities are not so exempted. Accordingly, European and other foreign banks operating in the US generally cannot also conduct a broad American insurance business.

These restrictions have extremely broad scope since they apply not only to a bank and its subsidiaries but also to all of its "affiliates". The latter are defined in terms of common "control" – and under American law a decidedly minority investment can convey such "control".

The banking rules can, therefore, reach minority investments in American companies – or, more seriously, in foreign companies with American operations – which are elsewhere considered routine.

The push will not become a shove until American regulators seek to veto big European mergers and acquisitions. They would rather not do that, and the Federal Reserve Board has at least temporarily defused the situation by granting exemptions on a case-by-case basis to permit the timely completion of predominantly foreign mergers and acquisitions.

In November 1990, for example, NMB Postbank Group received an exemption that allowed its merger with Nationale-Nederlanden despite the fact that NMB has banking operations and Nationale-Nederlanden has insurance operations in the US.

Such exemptions, however, are strictly temporary expedients pending either the receipt of permanent approval to retain permissible businesses or the complete divestiture of activities not permitted.

In granting such a temporary exemption to a foreign bank, the Federal Reserve Board has provided divestiture terms of up to three to four years in the hope that Congress will act to resolve the situation in that time. But there is no assurance that this exemption policy will continue indefinitely.

In Congress's current mood, it may be assumed that foreign banks will not receive any new authority to operate in the US that is not also made available to American banks. Accordingly, the extent to which the US legal system will hinder European plans for consolidation of financial services may therefore depend on whether American banks are themselves permitted to conduct insurance activities in the near future.

Until very recently, the legal barriers between American banks and insurance companies remained high and wide. Recently, however, a US federal appeals court overturned a Federal Reserve Board order prohibiting a subsidiary of a Delaware chartered bank, owned by a bank holding company, from engaging in a broad range of insurance activities permitted by a new (and so far unique) Delaware statute.

This development, unless reversed by the US Supreme Court or legislatively, may allow a non-US company, which might otherwise run foul of American banking laws, to engage in US insurance activities. Congress has in the past reversed attempts to broaden the ability of banks to engage in the business of insurance.

The US Treasury Department has proposed banking reform legislation which, among many other things, would permit a bank and an insurance company to be owned by the same holding company.

However, the proposed legislation now under active consideration in Congress does not incorporate the Treasury's proposal with respect to affiliations of banks and full-service insurance companies.

There is also a fair chance that further restrictions on the sale of insurance by banks will be enacted, thereby legislatively overruling or severely limiting the effect of the recent appeals court decision.

The existing situation raises potential for disagreement between the EC and the US as to whether the American financial services market is sufficiently open to foreign competition. The Americans will claim that they do not discriminate against the Europeans since they merely expect foreign banks and insurance companies to abide by the same rules as apply to US companies.

The Europeans will respond that the Americans are overextending their jurisdiction, and, further, that the effect is protectionist because the rules eliminate potential competitors from the US market and prevent the Europeans from breaking into the market by competing on the basis of their strengths.

Ironically, this last argument is one which the US recently aimed at Japan. Collaterally, such arguments would also heighten focus on the restrictions posed on the activities of US insurance companies by many states where a foreign government or governmental controlled entity owns a significant interest in the insurance company.

Similarly, such arguments could involve questioning whether a single approval for an acquisition by a US entity of an insurance company in the EC should be permitted if the US itself persists in requiring diverse approvals by many states for any such acquisition.

Based on these various arguments, the Europeans could act to limit American banks and insurance companies in the EC to the same businesses that European banks and insurance companies are permitted to conduct in the US. The Americans could then respond to the Community's failure to provide "national treatment" and the Europeans could in turn react to the Americans' failure to provide them with "national treatment".

In such a contest, of course, everyone loses. That is why, for those in the financial services sector, both Europeans and Americans should be more than commonly concerned with how the American banking authorities and Congress address the issues raised by the cross-industry consolidation in the EC.

The author is the senior partner of the New York-based international law firm Skadden Arps Slate Meagher & Flom.